*Convenience Translation*
*Please note that this translation of the German Joint Merger Report is for convenience purposes only.*
*Only the German Joint Merger Report is valid and legally binding.*

# Joint Merger Report
# pursuant to Section 8 German Transformation Act (*UmwG*)

Report of the Executive Boards of

**Schaeffler AG**, Herzogenaurach

and

**Vitesco Technologies Group Aktiengesellschaft**, Regensburg

on the Merger of

Vitesco Technologies Group Aktiengesellschaft

into

Schaeffler AG

of March 13, 2024

# TABLE OF CONTENTS

## DEFINED TERMS

## A. INTRODUCTION

The planned merger of Vitesco Technologies Group Aktiengesellschaft, Regensburg ("**Vitesco Technologies**"), into Schaeffler AG, Herzogenaurach ("**Schaeffler**"), is carried out with the aim of creating a combined group (the "**Combined Group**"). On November 27, 2023 Schaeffler and Vitesco Technologies entered into an agreement on the planned business combination (the "**Business Combination Agreement**").

Schaeffler already currently holds 15,557,631 and thus approximately 38.87% of the share capital of Vitesco Technologies. This is mainly due to a voluntary public tender offer in the form of a cash offer by Schaeffler to all shareholders of Vitesco Technologies (the "**Vitesco Shareholders**"), which was completed on January 5, 2024 (the "**Tender Offer**"), as a result of which Schaeffler acquired 11,957,629 shares in and thus approximately 29.88% of the share capital of Vitesco Technologies. Furthermore, in particular on January 23, 2024 Schaeffler acquired 3,600,000 shares in Vitesco Technologies from BofA SECURITIES EUROPE SA ("**BofA**"), which BofA had previously acquired under a Total Return Swap ("**TRS**") concluded in connection with the Tender Offer, and thus acquired approximately 9% of the share capital of Vitesco Technologies (the "**TRS Acquisition**"). IHO Verwaltungs GmbH ("**IHO Verwaltungs**"), which currently holds approximately 75.08% of the share capital and 100% of the voting rights of Schaeffler, and IHO Beteiligungs GmbH ("**IHO Beteiligungs**", and together with IHO Verwaltungs, "**IHO**"), also directly and indirectly hold a further 19,986,597 shares and thus approximately 49.94% of the share capital of Vitesco Technologies. In total, Schaeffler holds, together with IHO, 35,544,228 shares in and thus approximately 88,81% of the share capital of Vitesco Technologies. The voting rights of IHO in Vitesco Technologies are attributed to Ms. Maria-Elisabeth Schaeffler-Thumann and Mr. Georg F.W. Schaeffler.

To implement the merger of Vitesco Technologies into Schaeffler, Schaeffler and Vitesco Technologies entered into a notarized agreement on March 13, 2024 (the "**Merger Agreement**") for the merger of Vitesco Technologies into Schaeffler.

The Merger Agreement requires the approval of the general meeting of Schaeffler and Vitesco Technologies (Section 13 para. 1 German Transformation Act (*Umwandlungsgesetz*, "**UmwG**")), which must be passed with a majority of at least three quarters of the share capital represented at the time of the resolution and a simple majority of the votes cast. The approval from Schaeffler's non-voting common shareholders for the Merger Agreement is not required pursuant to Section 65 para. 2 sentence 1 UmwG. The Merger Agreement will be submitted for approval to Vitesco

Technologies’ general meeting on April 24, 2024 and to Schaeffler’s general meeting on April 25, 2024.

Pursuant to the Merger Agreement, Vitesco Technologies shall transfer its assets as a whole to Schaeffler by way of dissolution without liquidation in accordance with the German Transformation Act (Sections 2 no. 1, 4 *et seq*., 60 *et seq*. UmwG). All Vitesco Shareholders, except Schaeffler, which is involved in the Merger Agreement as acquiring entity and therefore as party, will receive new voting common shares in Schaeffler to be issued as part of a capital increase in return for the transfer of Vitesco Technologies’ assets to Schaeffler in accordance with the exchange ratio stipulated in the Merger Agreement when the merger takes effect. A copy of the Merger Agreement is attached to this Merger Report (as defined below) as **Annex 1**. All voting shares of Schaeffler are to be admitted to trading in the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) at the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at the same time as the merger takes effect (see also the information under Section I.III.2.b).

Schaeffler and Vitesco Technologies have appointed ValueTrust Financial Advisors Deutschland GmbH, Munich (“**ValueTrust**“ or the “**Valuation Expert**”) as the joint valuation expert for the purpose of providing expert support in determining an appropriate exchange ratio within the meaning of the UmwG. The procedures and assumptions on which ValueTrust’s respective company valuations are specifically based on and the way in which the appropriate exchange ratio was derived are described in Section J of this report and in the “Expert opinion on the determination of the appropriate exchange ratio for the shares of Schaeffler AG and Vitesco Technologies Group Aktiengesellschaft” dated March 11, 2024 (the “**Valuation Report**“) prepared by ValueTrust as the valuation expert. The Valuation Report is attached to this report as **Annex 2**.

In this report pursuant to Section 8 UmwG (the “**Merger Report**“), the executive boards (*Vorstände*) of Schaeffler and Vitesco Technologies, representing the legal entities involved in the merger, explain the merger and the Merger Agreement in legal and economic terms. The executive boards of Schaeffler and Vitesco Technologies make use of the option provided by Section 8 para. 1 sentence 2 UmwG to prepare the Merger Report jointly.

Furthermore, the Merger Agreement has been examined by an expert auditor appointed by court pursuant to Sections 60, 9 para. 1 UmwG. By order of December 14, 2023, the Regional Court (*Landgericht*) of Nuernberg-Fuerth, pursuant to Sections 60, 10 UmwG, in conjunction with Section 71 para. 2 no. 4 lit. d, para. 4 of the Courts Constitution Act (*Gerichtsverfassungsgesetz*, “**GVG**”), Section 28 para. 1 no. 2 of the Judicial Jurisdiction Ordinance on Justice (*Gerichtliche Zuständigkeitsverordnung Justiz*, "**GZVJu**") at the joint request and proposal of Vitesco Technologies and Schaeffler, ADKL AG Wirtschaftsprüfungsgesellschaft, Breite Straße 29-31, 40213 Düsseldorf ("**ADKL**" or the "**Merger Auditor**"), was selected and appointed as the expert auditor for the audit of the merger. ADKL will prepare a separate audit report for the merger, which will be available for inspection by the shareholders on the companies' respective websites from the date on which the general meetings of Schaeffler and Vitesco Technologies are convened.

As part of the planned business combination, on February 2, 2024, the shareholders of Schaeffler resolved at an extraordinary general meeting and at a separate meeting of the non-voting common shareholders to convert Schaeffler's non-voting common shares into common shares of Schaeffler with voting rights at a ratio of 1:1 (the "**Change of Classes of Shares**") (see also the information under Section B.I.3)

## B. DESCRIPTION OF THE COMPANIES INVOLVED IN THE MERGER

### I. Information about Schaeffler

#### 1. History of the Company

The Schaeffler Group (as defined below in B.I.2) was founded by brothers Wilhelm and Georg Schaeffler in 1946. The first partnership agreement dates back to November 30, 1946. Since the 1950s, new subsidiaries have been established through the founding of factories and joint ventures. Already in the mid-1960s, a stake was acquired in the Lamellen und Kupplungsbau August Häussermann, the company from which LuK GmbH emerged. In 1999, LuK GmbH was fully acquired. The takeover of FAG Kugelfischer Georg Schäfer AG in Schweinfurt in 2001 led to the group becoming the second largest rolling bearing manufacturer in the world. In 2009, a stake in Continental AG was acquired. On October 2, 2014, Schaeffler emerged from the change of the legal form of INA Beteiligungsgesellschaft mit beschränkter Haftung. Since the initial public offering in October 2015, Schaeffler's non-voting common shares have been listed on the regulated market (*Prime Standard*) of the Frankfurt Stock Exchange. This was followed by various company acquisitions, particularly in the areas of e-mobility, robotics and lifetime solutions. In 2022, the 50:50 joint venture "Innoplate SAS" with the Symbio SAS was founded for the production of bipolar plates for fuel cell systems. Symbio is a joint venture company of Faurecia, Michelin and Stellantis. In 2023, Schaeffler acquired the Ewellix Group, a supplier of electromechanical industrial actuators and lifting columns, as well as roller screws.

#### 2. Firm, Registered Office, Financial Year and Corporate Purpose

Schaeffler (together with the subsidiaries and holdings of Schaeffler, but excluding Vitesco Technologies and the subsidiaries and holdings of Vitesco Technologies, the "**Schaeffler Group**") is a listed stock corporation (*Aktiengesellschaft*) existing under the laws of Germany, with its registered office in Herzogenaurach, Germany, registered under the firm "Schaeffler AG" with the commercial register (*Handelsregister*) of the local court (*Amtsgerichts*) of Fuerth, Germany, under HRB 14738. The business address of Schaeffler is Industriestraße 1-3, 91074 Herzogenaurach. The financial year of Schaeffler is the calendar year. Schaeffler does not have any branch offices.

Pursuant to Section 2.1 of Schaeffler's articles of association, the corporate purpose of the company is

(a) the development, manufacturing and distribution of components, parts, systems and software, as well as the development and provision of analog and digital services for automotive manufacturers, other industrial customers and other customers;

(b) the trading in such products, and;

(c) the manufacture or procurement of components, raw materials or parts required for the manufacturing of the products referred to in (a).

Schaeffler may realize its corporate purpose on its own or through its subsidiaries or holding companies. Schaeffler has the right to conduct all transactions and take all measures that are deemed appropriate and directly or indirectly serve to realize its corporate purpose.

Schaeffler may also establish branch offices within Germany or abroad, establish and acquire other companies of any type, invest in such companies as well as manage companies or limit itself to serving in an administrative function for the company. Schaeffler may sell each of its holding companies or split off its operations or assets in full or part or transfer them to other companies. Schaeffler may enter into corporate agreements of any type as well as spin off or transfer its operations in full or part to other companies in which it holds a majority stake.

Schaeffler can limit itself to only partially fulfilling the corporate purpose pursuant to Section 2.1 of Schaeffler's articles of association.

**3. Capital Structure, Shareholder Structure and Stock Exchange Trading**

**a. Capital Structure**

**(1) Share Capital and Treasury Shares**

Schaeffler's share capital currently amounts to EUR 666,000,000.00 and is divided into 500,000,000 voting common shares (each a "**Schaeffler Voting Common Share**" and all together, the "**Schaeffler Voting Common Shares**") and 166,000,000 non-voting common shares (each a "**Schaeffler Non-voting Common Share**" and all together, the "**Schaeffler Non-voting Common Shares**"). Each Schaeffler Voting Common Share and Schaeffler Non-voting Common Share has a notional value in the share capital of EUR 1.00 (the Schaeffler Voting Common Shares and the Schaeffler Non-voting Common Shares each a "**Schaeffler Share**" and together, the "**Schaeffler Shares**"). The Schaeffler Shares are fully paid up.

Schaeffler currently holds no treasury shares.

Each Schaeffler Voting Common Share entitles the holder to one vote at the general meeting. The non-voting common shareholders of Schaeffler (the "**Schaeffler Non-**

**voting Common Shareholders**“) are not entitled to voting rights, except in the legally regulated special cases described below. Voting rights at the general meeting of Schaeffler are granted to the Schaeffler Non-voting Common Shares if the preferred amount attributable to the Schaeffler Non-voting Common Share is not paid or is not paid in full in one year and will not, in addition to the full preference for that year, be paid in the following year (Section 141 para. 2 sentence 1 German Stock Corporation Act (*Aktiengesetz*, “**AktG**”). Insofar as the Schaeffler Non-voting Common Shareholders are entitled to voting rights by way of exception under the law, each non-voting common share grants the holder one vote (Section 19 of Schaeffler’s articles of association). The Schaeffler Non-voting Common Shares are entitled to a preferred dividend of EUR 0.01 per Schaeffler Non-voting Common Share upon the distribution of profits.

On February 2, 2024, the voting common shareholders of Schaeffler (the “**Schaeffler Voting Common Shareholders**“ and together with the Schaeffler Non-voting Common Shareholders, the “**Schaeffler Shareholders**”) in an extraordinary general meeting and the Schaeffler Non-voting Common Shareholders in a separate meeting of the Schaeffler Non-voting Common Shareholders resolved on the Change of Classes of Shares, *i.e.* to convert the no-par value non-voting common shares into no-par value voting common shares by canceling the preferential dividend rights (the “**Resolution on the Change of Classes of Shares**“). In connection with the Resolution on the Change of Classes of Shares, the executive board (*Vorstand*) of Schaeffler was instructed, among other things, to prepare and enter into a Merger Agreement with Vitesco Technologies and to submit it to the general meeting of Schaeffler for approval. The executive board of Schaeffler, in connection with the Resolution on the Change of Classes of Shares, was instructed to file the amendments to the articles of association resolving to change the class of shares with the commercial register (*Handelsregister*) only after a separate general meeting of Schaeffler’s Voting Common Shareholders has approved the Merger Agreement between Schaeffler as the acquiring entity and Vitesco Technologies as the transferring entity, and to condition the registration of the resolved amendments to the articles of association on the prior or simultaneous registration of the merger of Vitesco Technologies into Schaeffler in the commercial register (*Handelsregister*) of Schaeffler (the “**Registration Conditions of the Change of Classes of Shares**“). Therefore, the amendments to the articles of association resolving the Change of Classes of Shares have not yet been filed for entry in the commercial register (*Handelsregister*).

### (2) Authorized Capital

In accordance with Section 6.3 of Schaeffler's articles of association, the executive board of Schaeffler is authorized, with the approval of the supervisory board (*Aufsichtsrat*), to increase the share capital on one or several occasions, by up to EUR 200,000,000.00 in total, until August 31, 2025, by issuing new non-voting common shares with the same statutory rights as the company's existing non-voting common shares in return for cash contributions. The shareholders are to be granted subscription rights in the case of such issuance. The executive board, with the approval of the supervisory board, determines the issue price of the new non-voting common shares. The executive board, with the approval of the supervisory board, also decides on the further contents of the share rights and the conditions of the share issuance.

The authorized capital aimed at authorizing the issue of new non-voting common shares was cancelled through the Resolution on the Change of Classes of Shares and is to be deleted from the articles of association of Schaeffler, subject to the fulfillment of the Registration Conditions for the Change of Classes of Shares. The authorized capital aimed at authorizing the issue of new non-voting common shares will therefore no longer be available in the future. If necessary, the executive board and supervisory board of Schaeffler will propose to the general meeting of Schaeffler the creation of a new authorized capital for the issuance of new voting shares. A corresponding resolution proposal for the creation of authorized capital to authorize the issue of voting common shares, insofar as this is necessary for any adjustments to the exchange ratio in accordance with Sections 72a, 72b UmwG (see also the information under Sections G.II.8 and H.II), will be proposed to the annual general meeting of Schaeffler on April 25, 2024.

### b. Shareholder Structure

The shareholders listed in the table below directly or indirectly hold more than 3% of the voting rights in Schaeffler, i.e. Schaeffler Voting Common Shares.

| Shareholder | Number of Shares (approx.) | Shareholding (approx., in %) |
|---|---|---|
| IHO Verwaltungs GmbH[1] ............................... | 500,000,000 | 100 |
| **Total**............................................................... | **500,000,000** | **100** |

(1) Controlled by Ms. Maria-Elisabeth Schaeffler-Thumann and Mr. Georg F.W. Schaeffler.

The following table also provides an overview of the shareholder structure of the Schaeffler Non-voting Common Shares at the time of publication of this Merger Report, insofar as these are known to Schaeffler:

| Shareholder | Number of Shares (approx.) | Shareholding (approx., in %) |
|---|---|---|
| IHO Beteiligungs GmbH ................................ | 20,247,621 | 12.2 |
| Free float ........................................................ | 145,752,379 | 87.8 |
| **Total**............................................................... | **166,000,000** | **100** |

**c. Stock Exchange Trading**

At the time of publication of this Merger Report, the Schaeffler Non-voting Common Shares are listed on the regulated market (*Prime Standard*) of the Frankfurt Stock Exchange under the German securities identification number (WKN) SHA015 and the international securities identification number (ISIN) DE000SHA0159. In addition, Schaeffler Non-voting Common Shares are traded over the counter (*Freiverkehr*) of all other German stock exchanges as well as some other European stock exchanges. The Schaeffler Voting Common Shares have not yet been admitted to stock exchange trading.

As a result of the Resolution on the Change of Classes of Shares taking effect, the previous stock exchange listing of the Schaeffler Non-voting Common Shares will expire, meaning that they can no longer be traded on the stock exchange going forward. However, there are plans to obtain the admission of all voting common shares of Schaeffler - including the “new” voting common shares created as a result of the Resolution on the Change of Classes of Shares and the capital increase in connection with the merger - to trading on the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

**4. Governing Bodies and Representation**

**a. Executive Board**

In accordance with Section 8.1 of Schaeffler’s articles of association, the executive board of Schaeffler consists of at least two people. The number of executive board members is determined by the supervisory board. The executive board currently consists of the following eight members:

- Klaus Rosenfeld (Chairman of the Executive Board);

- Claus Bauer (Chief Financial Officer for Finance & IT);
- Dr. Astrid Fontaine (Chief Human Resources Officer and Labor Relations Director);
- Andreas Schick (Chief Operating Officer Production, Supply Chain Management and Purchasing);
- Jens Schüler (Chief Executive Officer Vehicle Lifetime Solutions);
- Dr. Stefan Spindler (Chief Executive Officer Bearings & Industrial Solutions);
- Uwe Wagner (Chief Technology Officer Research and Development); and
- Matthias Zink (Chief Executive Officer Automotive Technologies).

In accordance with Section 10 of Schaeffler's articles of association, Schaeffler is represented by two members of the executive board or one member of the executive board together with an authorized signatory. The supervisory board may determine that all or individual members of the executive board are authorized to represent the company individually. The supervisory board has not currently made use of this option.

The supervisory board can also exempt members of the executive board from the restrictions of Section 181 Alternative 2 of the German Civil Code ("**BGB**") in accordance with Section 10 of Schaeffler's articles of association. None of the members of the executive board are currently exempt from the restrictions of Section 181 Alternative 2 of the BGB.

**b. Supervisory Board**

Pursuant to Sections 96 paras. 1 and 2, 101 para. 1 of the AktG in conjunction with Section 7 para. 1 sentence 1 no. 3 of the German Codetermination Act of 1976 (*Mitbestimmungsgesetz*, "**MitbestG**"), the supervisory board of Schaeffler is composed of ten shareholder representatives and ten employee representatives. Pursuant to Section 11.2 of the articles of association of Schaeffler, the supervisory board should not include any members who serve on the boards or perform advisory functions for significant competitors of Schaeffler or group companies of competitors. Pursuant to Section 11.3 of the articles of association of Schaeffler, supervisory board members are elected for a period ending at the conclusion of the general meeting that resolves on the ratification of actions for the fourth financial year following the beginning of their term of office. The financial year in which the term of office begins is not included in this calculation. The general meeting may determine a shorter term of office for supervisory board members elected by the general meeting. Supervisory board members may be re-elected.

The supervisory board of Schaeffler currently consists of the following members:

- Georg F. W. Schaeffler (Chairman of the Supervisory Board);
- Jürgen Wechsler (Vice Chairman of the Supervisory Board)*;
- Sabine Bendiek;
- Prof. Dr. Hans-Jörg Bullinger;
- Dr. Holger Engelmann;
- Prof. Dr. Bernd Gottschalk;
- Ulrike Hasbargen;
- Katherina Reiche;
- Robin Stalker;
- Prof. Siegfried Wolf;
- Prof. Dr.-Ing. Tong Zhang;
- Andrea Grimm*;
- Thomas Höhn*;
- Susanne Lau*;
- Dr. Alexander Putz*;
- Barbara Resch*;
- Jürgen Schenk*;
- Helga Schönhoff*;
- Ulrich Schöpplein*; and
- Markus Zirkel*.

  * Employee representative

The term of office of all shareholder representatives ends at the end of the general meeting that resolves on the discharge of the supervisory board for the 2023 financial year. This will also be the general meeting of Schaeffler on April 25, 2024, which will resolve on the approval of the Merger Agreement. This general meeting shall be proposed for the election of the shareholder representatives on the supervisory board the election of the current shareholder representatives on the supervisory board for the period until the end of the general meeting that resolves on the discharge of the supervisory board for the 2024 financial year. This applies with the exception of Jürgen Wechsler, who has informed Schaeffler that he will resign from the supervisory board with effect from the end of the general meeting that resolves on the discharge of the supervisory board for the 2023 financial year. In this respect, an employee representative will be appointed by the court.

### c. Procuration

At the time of the publication of this Merger Report, a joint power of attorney (*Gesamtprokura*) has been granted, together with a member of the executive board or an authorized signatory, to the following persons:

- Dr. Dirk-Oliver Detjen, Erlangen;
- Harald Dewert, Nürnberg;
- Dr. Edgar Duschl, Herzogenaurach;
- Dr. Achim Gronemeyer, Nürnberg;
- Marc Kagels, Nürnberg;
- Roswitha Kappeller, Erlangen;
- Dr. Ulrich Keil, Kürnach;
- Nadja Lemke, Stuttgart;
- Stefan Münch, Frankenthal;
- Katja Roxlau, Hungen;
- Eric Sandy Soong, Büdigen; and
- Dr. Jan Wittenberg, Herzogenaurach.

## 5. Business Operations, Group Structure and Significant Shareholdings

### a. Business Operations

The Schaeffler Group is an automotive and industrial supplier. At around 200 sites worldwide, the Schaeffler Group develops and manufactures components and systems for powertrains, and chassis, as well as rolling and plain bearing solutions for a wide range of industrial applications. Additionally, the Schaeffler Group provides services for the aforementioned sectors and offers repair solutions in original-equipment quality for the global automotive spare parts market.

The Schaeffler Group asserts its claim, as a Motion Technology Company, to advance and market pioneering technologies. Thereby, the Schaeffler Group focuses on inventions and developments in the areas of motion and mobility. With technologies, products and services in the fields of electric mobility, CO2-efficient drives, chassis solutions, Industry 4.0, digitalization, and renewable energies, the Schaeffler Group is aiming on making motion and mobility more efficient, intelligent and sustainable – throughout the entire life cycle.

The Schaeffler Group's overarching objective is to create value sustainability for its customers and business partners, employees and managers, as well as its investors and family shareholders. The Schaeffler Group pursues the strategic goal of developing and delivering innovating and intelligent components and systems, and the provision of services that enable sustainable mobility and motion in cooperation with its customers and partners.

### b. Business Segments

The business of the Schaeffler Group is currently divided into three segments (i) Automotive Technologies, (ii) Vehicle Lifetime Solutions and (iii) Bearings & Industrial Solutions.

### (1) Automotive Technologies

The Automotive Technologies segment partners with the automotive industry for passenger cars and commercial vehicles in developing and manufacturing components and systems for all-electric and hybrid powers, the fuel cell powertrain, as well as for internal combustion engines and chassis systems. The Automotive Technologies segment manages the business based on the three business divisions E-Mobility, Engine & Transmission Systems and Chassis Systems.

**(2) Vehicle Lifetime Solutions**

Under the Vehicle Lifetime Solutions segment, the Schaeffler Group operates its global business with spare parts for passenger cars and commercial vehicles, which are sold via the distribution channels Original Equipment Service (OES) and the open (independent) spare parts market, known as the Independent Aftermarket (IAM). This segment is largely supplied by the Automotive Technologies segment's manufacturing locations. In the past, the Vehicle Lifetime Solutions segment operated under the name Automotive Aftermarket and was renamed Vehicle Lifetime Solutions as of March 1, 2024.

**(3) Bearings & Industrial Solutions**

The Bearings & Industrial Solutions segment was created from the combination of the former Industrial segment and the Bearings business division from the Automotive Technologies segment. The aim is to bundle the expertise of the Schaeffler Group in bearings and bearing technology efficiently. The combination is being implemented at the time of publication of the Merger Report and should be completed by the end of the first quarter of the 2024 financial year with effect for the 2024 financial year. The products of the core business of this segment are primarily rolling and plain bearings as well as linear guidance systems in the area of bearing solutions. The Bearings & Industrial Solutions segment also develops and produces precision components, drive technology components and systems as well as service solutions for a wide range of industrial applications, such as direct drives and actuators. The segment also develops new products and solutions for the hydrogen economy.

**c. Locations**

The Schaeffler Group headquarters are located in Herzogenaurach, whereas the headquarters of the segments are located in Buehl (Automotive Technologies), Frankfurt am Main (Vehicle Lifetime Solutions) and Schweinfurt (Bearings & Industrial Solutions).

**d. Group Structure and Significant Shareholdings**

As of December 31, 2023, the Schaeffler Group had 177 (previous year: 149) fully-consolidated subsidiaries in Germany and abroad. The parent company is Schaeffler AG, based in Herzogenaurach. As of December 31, 2023, 144 (previous year: 98) subsidiaries were based in the Region Europe. In addition, 27 (previous year: 23) subsidiaries were based in the Region Americas, 19 (previous year: 14) in the Region Greater China, as well as 17 (previous year: 14) in the Region Asia/Pacific.

An overview of the significant shareholdings can be found in the Schaeffler Group's published annual report for the 2023 financial year.

## 6. Business Development and Performance Situation

### a. Key figures of the Schaeffler Group for the financial years 2023, 2022 and 2021

The following table provides an overview of the key figures for the Schaeffler Group for the past three financial years (each from January 1 to December 31). The individual key figures are unchanged, taken from the published annual reports of the Schaeffler Group for the 2021, 2022 and 2023 financial years. They are derived from the Schaeffler Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") for the financial years 2023, 2022 and 2021.

| **Key figures (in EUR million, unless otherwise indicated)**[1] | **2023** | **2022** | **2021** |
|---|---|---|---|
| Revenue | 16,313 | 15,809 | 13,852 |
| Currency-adjusted revenue growth (compared to the previous year) (in %) | 5.8% | 9.4% | 9.7% |
| EBIT | 834 | 974 | 1,220 |
| EBIT before special items[2] | 1,187 | 1,046 | 1,222 |
| EBIT margin before special items (in %) | 7.3% | 6.6% | 9.1% |
| Earnings per common voting share (basic/diluted, in EUR) | 0.46 | 0.83 | 1.13 |
| Earnings per common non-voting share (basic/diluted, in EUR) | 0.47 | 0.84 | 1.14 |
| Total assets | 15,006 | 14,284 | 14,364 |
| Additions to intangible assets and property, plant and equipment | 932 | 814 | 670 |
| Amortization, depreciation, and impairment losses excluding depreciation of right-of-use assets under leases and impairments of goodwill | 930 | 924 | 907 |
| Shareholders' equity | 3,905 | 4,141 | 3,165 |
| Net financial debt | 3,189 | 2,235 | 1,954 |
| EBITDA | 1,836 | 1,963 | 2,186 |
| Cash flows from operating activities | 1,348 | 1,139 | 1,276 |
| Capital expenditures (Capex)[(3)] | 938 | 791 | 671 |
| Free cash flow (FCF) before cash in- and outflows for M&A activities | 421 | 280 | 523 |

| Key figures (in EUR million, unless otherwise indicated)[1] | 2023 | 2022 | 2021 |
|---|---|---|---|
| Return on Capital Employed (in %) | 8.8 | 11.1 | 14.9 |
| Return on Capital Employed before special items (in %) | 12.5 | 11.9 | 14.9 |
| Schaeffler Value Added | -114 | 98 | 403 |
| Schaeffler Value Added before special items | 239 | 170 | 404 |

(1) The key figures presented for Schaeffler are based on Schaeffler's previous reports and – even if identical terminology is used – are not necessarily congruent with the terminology used in Vitesco Technologies' reports.
(2) For the definition of special effects, see page 27 f. of the Schaeffler Group's 2023 annual report.
(3) Payments for intangible assets and property, plant and equipment.

### b. Business Development and Performance Situation in the Financial Year 2023

According to the consolidated financial statements as of December 31, 2023, the Schaeffler Group generated a revenue of EUR 16,313 million, with the currency-adjusted increase in revenue in the 2023 financial year being attributable in particular to volume increases. Positive sales prices also had an impact on the development of revenue. The Schaeffler Group achieved a currency-adjusted revenue growth of 5.8% in the 2023 financial year. The EBIT margin before special items amounted to 7.3%, up 0.7 percentage points on the previous year's figure of 6.6%. The increase in the EBIT margin before special items was mainly due to volume and sales price effects. In contrast, the slightly disproportionate increase in the cost of sales had a negative impact on the gross margin. Free cash flow before cash in- and outflows for M&A activities amounted to EUR 421 million.

In the 2023 financial year, the Schaeffler Group's financial result deteriorated by EUR 137 million to EUR -259 million. Interest expenses for financial debt amounted to EUR 137 million in the 2023 financial year. The increase in interest expenses for financial debt is due to the drawdown of two loans for EUR 625 million during the 2023 financial year and the increase in variable interest rates. Income tax expenses amounted to EUR 240 million, resulting in an effective tax rate of 41.8%. The increase in the effective tax rate compared to the previous year was mainly due to permanent differences in connection with the planned business combination with Vitesco Technologies. There were also negative effects from the value adjustment or non-recognition of deferred taxes on temporary differences and loss carryforwards. This was offset by income from taxes relating to other periods. Net income before special effects amounted to EUR 623 million.

The Return on Capital Employed before special items rose to 12.5% in the 2023 financial year, while Schaeffler Value Added before special items improved to

EUR 239 million. This development was due to the increase in EBIT before special items. This was partially countered by higher capital costs due to the increase in average capital employed, which was primarily attributable to additions to intangible assets.

Net financial debt increased by EUR 954 million to EUR 3,189 million in the 2023 financial year. The leverage ratio, defined as the ratio of net financial debt to earnings before interest, taxes, depreciation and amortization (EBITDA), was 1.7 as of December 31, 2023. The leverage ratio before special items was 1.5.

The Tender Offer and the TRS, which was concluded in connection with the Tender Offer, were also reflected in the Schaeffler Group's income statement and consolidated balance sheet. As such, the other expenses reflected in the Schaeffler Group's income statement and the consolidated balance sheet and the derivative financial liabilities reflected as of December 31, 2023 each increased primarily due to the fair value measurement of the obligation to acquire the Vitesco Shares tendered as part of the Tender Offer in the amount of EUR 188 million. In addition, the other current financial assets presented in the Schaeffler Group's consolidated balance sheet as of December 31, 2023 included, among others, the fair value measurement of a derivative in connection with the TRS in the amount of EUR 215 million.

**c. Forecast for the 2024 Financial Year and Outlook**

With regard to the development of the economic and sales market trends in the 2024 financial year, the Schaeffler Group expects the growth of global gross domestic product to slow further to between 2.0% and 2.5%. It is assumed that the pace of expansion will slow down across all regions, although a global decline in inflation and an initial easing of monetary policy are expected at the same time. For the 2024 financial year, the Schaeffler Group still expects global automotive production to remain at around the previous year's level (2023: 90.1 million units). The global vehicle population is expected to grow by around 2% and the average age of vehicles is expected to increase slightly. Furthermore, the Schaeffler Group expects global industrial production to grow by around 2% in the 2024 financial year, while the mechanical engineering, transportation and electrical equipment sectors, which are particularly relevant to the company, are expected to grow by around 3% overall.

For the 2024 financial year, the Schaeffler Group expects higher wage costs and partially offsetting lower material and energy costs compared to the previous year. With regard to the 38.87% of the shares in Vitesco Technologies acquired in January 2024 as part of the Tender Offer, the Schaeffler Group assumes that these will be accounted for using the equity method in the forecast period from acquisition up to and including the third quarter of 2024. Furthermore, the Schaeffler Group expects that the merger will be registered in the fourth quarter of 2024 and that Vitesco Technologies will be included in the consolidated financial statements of Schaeffler by way of full consolidation upon registration. Based on this assumption, the Schaeffler Group expects significant currency-adjusted sales growth in the 2024 financial year and at the same time expects to achieve an EBIT margin before special effects of between 6% and 9% in the 2024 financial year. In addition, the Schaeffler Group expects a free cash flow before cash inflows and outflows for M&A activities of EUR 300 million to EUR 400 million.

### 7. Employees and Employee Representatives

As of December 31, 2023 the Schaeffler Group employed 83,362 employees.

The Schaeffler Group has a group works council, a company spokespersons' committee, a general works council and an EU works council. At the Herzogenaurach and Schweinfurt sites, Schaeffler employees are also represented by a local joint works council. Schaeffler is bound by a collective wage agreement with regard to the metal and electrical industry.

## II. Information about Vitesco Technologies

### 1. History of the Company

Vitesco Technologies was founded on December 11, 2019. Effective September 15, 2021, parts of the assets of Continental Aktiengesellschaft, with its registered office in Hannover, Germany, registered in the commercial register (*Handelsregister*) of the local court (Amtsgerichts) of Hannover under HRB 3527 ("**Continental**"), were transferred in their entirety to Vitesco Technologies by way of a spin-off (Section 123 para. 2 no. 1 UmwG). Since the initial public offering in September 2021, Vitesco Shares have been listed on the regulated market (*Regulierter Markt*) (*Prime Standard*) of the Frankfurt Stock Exchange. This was followed in May 2022 by the signing of a cooperation agreement with Infineon Technologies AG, which also covers the targeted further development of silicon carbide components, among other things. Since July 2022, there has also been a strategic partnership with Renault for the joint development of a unique power electronics concept on the market. In August of the same year, the company joined the SBMC (Swappable Battery Motorcycle Consortium) with a focus on the standardization and industrialization of battery management systems with well-known members such as Honda and Yamaha. Since the beginning of 2023, the company has also been part of the Polestar 0 project. This is a cross-industry initiative with the aim of developing a completely climate-neutral car.

## 2. Firm, Registered Office, Financial Year and Corporate Purpose

Vitesco Technologies (together with its subsidiaries and its shareholdings, the "**Vitesco Group**") is a listed stock corporation (*Aktiengesellschaft*) existing under the laws of Germany, with its registered office in Regensburg, Germany, registered under the firm "Vitesco Technologies Group Aktiengesellschaft" with the commercial register (*Handelsregister*) of the local court (*Amtsgerichts*) of Regensburg under HRB 18842. The business address of Vitesco Technologies is Siemensstraße 12, 93055 Regensburg. The financial year of Vitesco Technologies is the calendar year.

Vitesco Technologies does not have any branch offices.

Pursuant to Section 2 para. 1 of Vitesco Technologies' articles of association, the corporate purpose of the company is the development, manufacture and sale of products for every kind of vehicle and other mobility concepts as well as other industrial products, in particular the development, manufacture and sale of systems and components and the provision of services for powertrains including electrical machinery, power electronics, control electronics, software, energy converters (such as fuel cells) and energy storage devices (such as batteries), sensors for physical and chemical properties, actuators, emission-reduction technology and combustion technology. In these sectors and in other sectors Vitesco Technologies may operate in the field of research, development, manufacture and sale of electronic, mechatronic and mechanical components and systems as well as software and technical equipment and render relating advisory and other services.

Pursuant to Section 2 para. 2 of Vitesco Technologies' articles of association, Vitesco Technologies can realize its corporate purpose directly or indirectly through group companies or associated companies (including joint ventures). It may also limit its activities to some of the activities specified in Section 2 para. 1 of the articles of association of Vitesco Technologies.

Moreover, pursuant to Section 2 para. 3 of Vitesco Technologies' articles of association, Vitesco Technologies is authorized to engage in all transactions and take all measures which are connected with the corporate purpose of the company or which appear suitable to promote the corporate purpose directly or indirectly, in particular to acquire and sell real estate, to establish auxiliary and subsidiary companies and branches at all locations in Germany and abroad, as well as to conclude joint venture agreements and inter-company agreements. The company may combine companies under its uniform management and limit itself to the management of the companies or the administration of the investment. In particular, Vitesco Technologies is entitled to establish, take over, acquire or invest in other companies of the same or similar type. The company may establish affiliated companies, acquire interests, alter the structure of companies it holds an interest in, combine companies under its uniform management or limit itself to the administration of the investment, sell interests and furthermore conclude intercompany agreements and cooperation agreements of any kind.

## 3. Capital Structure, Shareholder Structure and Stock Exchange Trading

### a. Capital Structure

Vitesco Technologies' share capital registered in the commercial register (*Handelsregister*) amounts to EUR 100,052,990.00. The share capital is divided into 40,021,196 no-par value registered shares (each a "**Vitesco Share**" and together the "**Vitesco Shares**"). Each Vitesco Share has a notional value in the share capital of EUR 2.50. The Vitesco Shares are fully paid up.

Furthermore, Vitesco Technologies does not have any authorized or conditional capital.

Vitesco Technologies currently holds no treasury shares.

Each Vitesco Share confers one voting right at Vitesco Technologies' general meetings.

### b. Shareholder Structure

The following table provides an overview of the shareholder structure of Vitesco Shares at the time of publication of this Merger Report, insofar as these are known to Vitesco. On October 9, 2023, Schaeffler entered into an acting in concert agreement with IHO Beteiligungs and IHO Verwaltungs, the subject of which is a vote on all material decisions concerning Vitesco Technologies, in particular with regard to the exercise of voting rights from the Vitesco Shares currently and in the future held by the parties to the agreement.

| Notifying party of a direct shareholding | Number of Shares (approx.) | Shareholding (approx., in %) |
|---|---|---|
| IHO Verwaltungs GmbH ................................ | 15,984,093 | 39.94 |
| Schaeffler AG.................................................. | 15,557,631 | 38.87 |
| IHO Beteiligungs GmbH ............................... | 4,002,504 | 10.00 |
| Free float ......................................................... | 4,476,968 | 11.19 |
| **Total** .................................................................. | **40,021,196** | **100** |

### c. Stock Exchange Trading

At the time of publication of this Merger Report, the Vitesco Shares are listed on the regulated market (*Prime Standard*) of the Frankfurt Stock Exchange under the German securities identification number (WKN) VTSC01 and the international securities identification number (ISIN) DE000VTSC017. In addition, Vitesco Shares are traded over the counter (*Freiverkehr*) on the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart, London and Vienna, as well as on the following electronic trading venues: Gettex, Quotrix, Tradegate, LS Exchange and FINRA other ITC Issues. The designated sponsors in XETRA trading are Hauck & Aufhäuser and M.M. Warburg.

Vitesco Shares are also currently traded in the United States in the form of a Sponsored American Depositary Receipt program on the OTC market (Over the Counter, OTC) (ISIN: US92853L1089). Five American depositary receipts ("**ADRs**") correspond to one Vitesco Share. There is no listing on a stock exchange in the United States.

## 4. Governing Bodies and Representation

### a. Executive Board

In accordance with Section 7 para. 1 of Vitesco Technologies' articles of association, the executive board (*Vorstand*) of Vitesco Technologies consists of at least two members; otherwise, the supervisory board (*Aufsichtsrat*) of Vitesco Technologies determines the number of members of the executive board. The executive board currently consists of the following six members:

- Andreas Wolf (Chairman of the executive board);
- Sabine Nitzsche (Chief Financial Officer);
- Ingo Holstein (Chief Human Resources Officer);
- Klaus Hau (Member of the executive board, Head of Powertrain Solutions Division);
- Thomas Stierle (Member of the executive board, Head of Electrification Solutions Division); and
- Stephan Rölleke (Member of the executive board for Integrity and Legal Affairs).

**b. Supervisory Board**

In accordance with Sections 96 para. 1 and 2, 101 para. 1 AktG in conjunction with Section 7 para. 1 sentence 1 no. 2 MitbestG and Section 9 para. 1 of Vitesco Technologies' articles of association, the supervisory board of Vitesco Technologies is composed of eight shareholder representatives and eight employee representatives. Pursuant to Section 9 para. 2 of the articles of association of Vitesco Technologies, the general meeting may not appoint supervisory board members for a period exceeding the end of the general meeting that resolves on the discharge of the supervisory board for the fourth financial year after the start of their term of office. The financial year in which the term of office begins is not counted.

The supervisory board of Vitesco Technologies currently consists of the following 16 members:

- Prof. Siegfried Wolf (Chairman);
- Ralf Schamel (Vice chairman)*;
- Prof. Dr. Hans-Jörg Bullinger;
- Manfred Eibeck;
- Susanne Heckelsberger;
- Joachim Hirsch;
- Prof. Dr. Sabina Jeschke;
- Klaus Rosenfeld;
- Georg F. W. Schaeffler;
- Carsten Bruns*;
- Yvonne Hartmetz*;
- Lisa Hinrichsen*;
- Kerstin Dickert*;
- Erwin Löffler*;
- Kirsten Vörkel*; und
- Anne Zeumer*.

* Employee representative

### c. Procuration

At the time of the publication of this Merger Report, a joint power of attorney (*Gesamtprokura*) has been granted, together with a member of the executive board or an authorized signatory, to the following persons:

- Peter Bauschke, Munich;
- Stephan Bördlein, Munich;
- Dr. Matthias Georg Goss, Laaber Waldetzenberg;
- Thomas Matthias Gerhard Lang, Eschborn; as well as
- Renee Willhuber, Munich.

## 5. Business Operations, Group Structure and Significant Shareholdings

### a. Business Operations

The Vitesco Group is a provider of drive technologies and electrification solutions for sustainable mobility. The product portfolio includes electric drives, electronic controls, sensors and actuators as well as solutions for exhaust gas after treatment. With more than ten years of experience in the field of electromobility, Vitesco Technologies provides pioneering solutions for all aspects of electrification that can be applied to all future developments in drive technology. The company is represented with production and development in major markets (China, Europe and North America).

The Vitesco Group focuses on the development and production of components and system solutions for the powertrain of hybrid and electric vehicles, as well as for combustion engines. The portfolio includes 48-volt electrification solutions, electric drives and power electronics for hybrid and battery electric vehicles. The product range also includes electronic control units, sensors, actuators, turbochargers, hydraulic components and pumps as well as exhaust solutions.

### b. Business Segments

Until the end of the 2022 financial year, the Vitesco Group's operating business was managed in four business units: Electrification Technology, Electronic Controls, Sensing & Actuation and Contract Manufacturing. Since the 2023 financial year, the Vitesco Group has significantly increased its focus on the electrification business. The

Vitesco Group's operating business has been managed in two divisions since January 1, 2023: Powertrain Solutions division and Electrification Solutions division.

**(1) Powertrain Solutions**

The Powertrain Solutions division develops powerful, safe, and cost-efficient solutions for the powertrain. The product portfolio includes intelligent solutions for the precise measurement and control of all drive systems in passenger cars, commercial vehicles and two-wheelers. Development activities for electric vehicles are currently focused on components for electric motors, batteries and fuel cells. The division comprises the four business units: Actuation, Aftermarket and Non-Automotive, Hydraulics and Turbocharger as well as Sensorics and Controls.

**(2) Electrification Solutions**

The Electrification Solutions division offers a broad product portfolio covering all aspects of electric drives, power electronics, electronic control units and thermal management for electrified vehicles. With modular and scalable solutions, Vitesco Technologies supports automotive manufacturers with a modern development, testing, service and production offering in the electrification market. The system solutions and components are designed to make mobility cleaner, more efficient and more affordable. The division comprises the two business units, Controls and Electric Drive Systems.

**c. Locations**

Vitesco Technologies' registered office and Group headquarter have been located in Regensburg since September 30, 2021. The Vitesco Group is also represented at 46 locations worldwide.

**d. Corporate Structure and Significant Shareholdings**

As of December 31, 2023, the Vitesco Group had a total of 29 (previous year: 32) fully-consolidated subsidiaries in Germany and abroad. The parent company is Vitesco Technologies Group Aktiengesellschaft, based in Regensburg. As of December 31, 2023, 8 (previous year: 9) fully-consolidated subsidiaries were based in Germany and 8 (previous year: 9) fully-consolidated subsidiaries were based in the Europe region (excluding Germany). In addition, 4 (previous year: 5) fully-consolidated subsidiaries were based in the Americas region, 5 (previous year: 5) in China and 4 (previous year: 4) in the Asia/Pacific region.

An overview of the significant shareholdings can be found in the Vitesco Group's annual report for the 2023 financial year.

## 6. Business Development and Performance Situation

### a. Key figures of the Vitesco Group for the financial years 2023, 2022 and 2021

The following table provides an overview of the key figures for the Vitesco Group for the past three financial years (each from January 1 to December 31). The individual key figures are unchanged, taken from the published annual reports of the Vitesco Group for the 2023, 2022 and 2021 financial years. They are derived from the Vitesco Group's consolidated financial statements prepared in accordance with IFRS for the financial years 2023, 2022 and 2021.

| Key figures(in EUR Million)[1] | 2023 | 2022 | 2021 |
|---|---|---|---|
| Sales | 9,233.2 | 9,070.0 | 8,348.5 |
| EBITDA | 748.1 | 703.3 | 523.9 |
| As % of sales | 8.1 | 7.8 | 6.3 |
| EBIT | 172.2 | 143.3 | 39.5 |
| As % of sales | 1.9 | 1.6 | 0.5 |
| Net income | -96.4 | 23.6 | -122.0 |
| Basic earnings per share in EUR | -2.41 | 0.59 | -3.05 |
| Diluted earnings per share in EUR | -2.41 | 0.59 | -3.05 |
| Adjusted sales | 9,233.2 | 8,984.9 | 8,305.2 |
| Adjusted operating result (adjusted EBIT) | 341.1 | 225.5 | 148.5 |
| As % of adjusted sales | 3.7 | 2.5 | 1.8 |
| Free cash flow | 84.9 | 123.2 | 113.3 |
| Net liquidity | 337.0 | 333.4 | 345.1 |
| Gearing ratio as a % | -11.8 | -10.9 | -12.8 |
| Total equity | 2,851.3 | 3,061.7 | 2,688.3 |
| Equity ratio as a % | 37.6 | 40.3 | 36.3 |
| Dividend per share in € | 0.25 | - | - |

(1) The key figures presented for Vitesco Technologies are based on Vitesco Technologies' previous reports and are not necessarily congruent with the terminology used in Schaeffler's reports.
(2) Adjusted for changes in the scope of consolidation.
(3) Adjusted for amortization of intangible assets on purchase price allocation (PPA), changes in the scope of consolidation and special effects.

### b. Business Development and Performance Situation in the Financial Year 2023

The Vitesco-Group's earnings situation developed positively in the 2023 financial year. Revenue increased from EUR 8,984.9 million in the 2022 financial year to EUR 9,233.2 million, which corresponds to growth of 2.3%. In the 2023 financial year, the Vitesco Group generated an operating result of EUR 172.2 million. Adjusted for changes in the scope of consolidation and exchange rate effects, the revenue growth was 4.4%.

The Vitesco-Group's operating result (EBIT) increased by EUR 28.9 million year-on-year to EUR 172.2 million in the 2023 financial year. The return on sales increased to 1.9%. This is mainly due to the improvement in the gross margin. This was offset by expenses in connection with the sale of business units and an impairment loss on assets held for sale in the amount of EUR 49.9 million. The return on capital employed (ROCE) was 6.0%. Adjusted EBIT increased by EUR 115.6 million to EUR 341.1 million, corresponding to an adjusted EBIT margin of 3.7%, which is 1.2% higher than the previous year's figure of 2.5%.

For the Vitesco Group, the impact of special items on the operating profit (EBIT) in the financial year 2023 amounted to a total of EUR 168.8 million.

In the 2023 financial year, the Vitesco-Group's financial result improved by EUR 18.9 million to EUR -26.4 million. Income taxes resulted in a tax expense of EUR 242.2 million for the 2023 financial year. The tax rate was 166.2% compared to 75.9% in the previous year.

The Group result deteriorated by EUR 120 million in the 2023 financial year, from EUR 23.6 million to EUR -96.4 million, mainly due to the increase in tax expenses. Basic earnings per share amounted to EUR 2.41 and corresponded to diluted earnings per share.

Free cash flow decreased by EUR 38.3 million compared to the previous year, from EUR 123.2 million to EUR 84.9 million.

At EUR 726.6 million, gross financial debt at the end of the 2023 financial year was above the previous year's level of EUR 447.7 million. Liabilities to banks amounted to EUR 295.0 million as of December 31, 2023 (previous year: EUR 0.0 million). Additionally, there are liabilities from promissory note loans amounting to EUR 200.0 million (previous year: EUR 200.0 million). As of December 31, 2023, the Vitesco-Group had a liquidity of EUR 1,863.6 million in total, including EUR 1,063.6 million in cash and cash equivalents and committed, unused credit lines with a volume of EUR 800.0 million.

Net liquidity increased by EUR 3.6 million to EUR 337.0 million in the 2023 financial year. The gearing ratio, defined as net debt divided by equity, changed slightly compared to the previous year's level and was 11.8% as of December 31, 2023.

## c. Forecast for the 2024 Financial Year and Outlook

For the global production of passenger cars and light commercial vehicles weighing less than six tons, Vitesco Technologies currently expects production in the 2024 financial year to remain virtually unchanged compared to the 2023 financial year. This estimate takes into account the currently expected effects of renewed supply disruptions in the Red Sea and the current level of key interest rates, which tend to motivate private households to save.

The current events in Ukraine, the Middle East and the Red Sea cannot be quantified on the basis of their ongoing length and are therefore only partially taken into account in this forecast of the development of global vehicle production. For example, further possible supply bottlenecks and higher energy prices resulting from the conflicts could lead to short-term production adjustments on the part of vehicle manufacturers. These could influence the expectations described below. Far-reaching macroeconomic and political consequences cannot be ruled out either.

For Europe, Vitesco Technologies anticipates a decline in the production of passenger cars and light commercial vehicles of -3% to -1% in the 2024 financial year. The volumes of electrified passenger cars are likely to increase significantly as a result of further tightening of CO2 emission standards and increasing acceptance among the population, also due to the greater variety and technological progress of new vehicle models.

In the North American market, Vitesco Technologies currently anticipates a slight increase in the production volume of passenger cars and light commercial vehicles of 0% to 2% compared to the 2023 financial year.

In China, Vitesco Technologies anticipates slight growth in the production volume of passenger cars and light commercial vehicles of 0% to 2% in the 2024 financial year due to increasing stabilization, including as a result of fiscal policy measures.

## 7. Employees and Employee Representatives

As of December 31, 2023, the Vitesco Group employed 35,528 employees, of which 20,391 were assigned to the Powertrain Solutions division and 15,071 to the Electrification Solutions division.

The Vitesco Group currently comprises the companies Vitesco Technologies GmbH with operations in Regensburg, Limbach, Bebra, Mühlhausen, Schwalbach and Dortmund, Vitesco Technologies Germany GmbH with operations in Berlin and Nuremberg and Vitesco Technologies Roding GmbH, whose active operations are to be closed before March 2024.

The operations of Vitesco Technologies GmbH and Vitesco Technologies Germany GmbH are bound by collective agreements through membership in the respective employers' associations of the metal and electrical industry, Vitesco Technologies Roding GmbH through a company collective agreement with IG Metall.

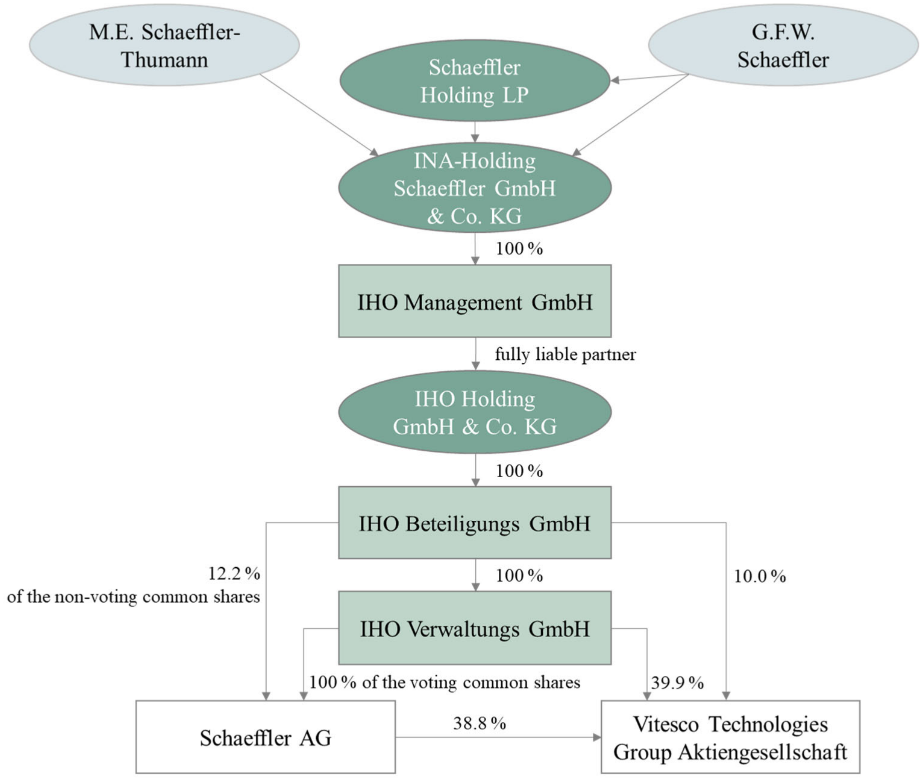
All companies have local works councils. In each of the companies Vitesco Technologies GmbH and Vitesco Technologies Germany GmbH, the legally prescribed general works council has been formed.

The Group has a Group Works Council to which all companies delegate representatives. The number of representatives has been contractually extended beyond what is required by law. There is also a European Works Council for Germany, France, Romania, Hungary and the Czech Republic.

In line with the Group structure, there is also a Group representative body for severely disabled employees and a Group youth representative body. There is a spokespersons' committee for senior executives at Vitesco Technologies GmbH and Vitesco Technologies Germany GmbH and a Group spokespersons' committee at Group level.

## III. Overall Group Structure

The joint majority shareholder of Schaeffler and Vitesco Technologies is IHO Beteiligungs, a limited liability company with its registered office in Herzogenaurach, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgerichts*) of Fuerth, Germany under HRB 12113, which directly holds approximately 12.2% of the non-voting common shares of Schaeffler and directly holds approximately 10.0% of the share capital of Vitesco Technologies. IHO Verwaltungs, a limited liability company with its registered office in Herzogenaurach, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgerichts*) of Fuerth, Germany under HRB 14734, is a wholly-owned, direct subsidiary of IHO Beteiligungs and directly holds, *inter alia*, all of Schaeffler's Voting Common Shares and a further approx. 39.9% of the share capital of Vitesco Technologies. Since the closing of the Tender Offer and the subsequent acquisition of further Vitesco Shares from BofA, Schaeffler holds approximately 38.87% of the share capital of Vitesco Technologies. The current structure of the group is shown in the diagram below.


M.E. Schaeffler-Thumann
G.F.W. Schaeffler
Schaeffler Holding LP
INA-Holding Schaeffler GmbH & Co. KG
100 %
IHO Management GmbH
fully liable partner
IHO Holding GmbH & Co. KG
100 %
IHO Beteiligungs GmbH
12.2 % of the non-voting common shares
100 %
10.0 %
IHO Verwaltungs GmbH
100 % of the voting common shares
39.9 %
Schaeffler AG
38.8 %
Vitesco Technologies Group Aktiengesellschaft

## C. MAIN REASONS FOR THE MERGER

### I. Simplification of the Corporate Structure

The merger between Vitesco Technologies and Schaeffler initially serves to simplify the organization and structure of the Schaeffler Group and to form a legally and economically uniform company. Simultaneously, Schaeffler will divide its business segments into four new divisions as described under G.II.2.a. The integration of Vitesco Technologies as a result of the merger serves to achieve an efficient organizational structure. The merger of Vitesco Technologies into Schaeffler eliminates one participation level. Vitesco Technologies ceases to exist as a legal entity and its assets are transferred to Schaeffler by way of universal succession (*Gesamtrechtsnachfolge*), so that in the future, Schaeffler Shareholders will not only have an indirect interest in Vitesco Technologies via a minority interest, but a direct interest in the Combined Group. In addition, both Schaeffler and Vitesco Technologies have the same indirect majority shareholders, so that the shareholding structure is also simplified in this respect.

### II. Cost Savings, Flexibility and Efficient Integration of the Vitesco Group into the Schaeffler Group

The merger enables the complete operational, procedural and corporate integration of the two companies, as Schaeffler and Vitesco Technologies can be managed as a single company once the merger takes effect, without restrictions pursuant to Sections 311 et seq. AktG in the context of a so called de facto group (*faktischer Konzern*). In this way, the reorganization of Schaeffler as Combined Group into the four divisions, E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions and Bearings & International Solutions described under G.II.2.a will be made possible at the same time.

Business relationships already existed between the Schaeffler Group and the Vitesco Group in the form of the deliveries of vehicle components, tools, development services and other services, as well as leases of commercial space at standard market conditions. However, this cooperation so far has had to be regulated with additional administrative effort by means of purchase or service agreements in order to separate the activities of the two legal entities.

As separate legal entities, the executive boards of Schaeffler and Vitesco Technologies are obliged to manage their respective company under their own responsibility. In this respect, each member of the executive board is obliged to act solely in the interests of the stock company of which it is a governing body. This legal separation of Schaeffler and Vitesco Technologies complicates and therefore limits the integration of both companies.

The merger of Vitesco Technologies into Schaeffler will facilitate the group-wide realization of synergies and the increase in value due to unified planning and implementation of a common strategy because the future Combined Group will have an unified management that can also implement the strategy it has developed in a binding manner. In addition, it will be possible to implement an optimized organizational, tax, financing, and liquidity structure for the Combined Group without, unlike in the context of a de facto group (*faktischer Konzern*), having to make disadvantage compensation payments in connection with global restructuring measures and the regional merger of business divisions on the basis of fair value, which would possibly require a complex valuation. The elimination of the restrictions resulting from the existence of separate listed stock corporations also enables the flexible assumption of central functions within the Schaeffler Group and therefore avoids unnecessary duplicate structures within the group.

Cost savings in the Combined Group arise not only with regard to the common administration in the form by the executive bodies of Schaeffler but also, among others, with regard to the convening and holding of the yearly ordinary general meeting, the costs of preparing and auditing the annual and consolidated financial statements of Vitesco Technologies as well as the costs for the preparation of the separate annual report for Vitesco Technologies, which are largely eliminated as a result of the merger.

The merger is expected to generate sales and cost synergies amounting to EUR 600 million per year, which should be fully achieved by 2029. These synergies are to be achieved primarily by leveraging growth-potential and achieving long-term value-creation and not by closing sites or cutting jobs (see also the information under Section J and **Annex 2** regarding the allocations of synergies).

## III. Discontinuation of the Stock Exchange Listing

The merger will also terminate the listing of Vitesco Shares on the Frankfurt Stock Exchange. This will eliminate the costs associated with the listing and the costs that Vitesco Technologies currently has to incur in order to comply with the ad hoc and regular publicity requirements.

## IV. Increasing attractiveness on the capital market

Furthermore, the merger of Schaeffler and Vitesco Technologies should lead to an increase in attractiveness of the Combined Group on the capital market. The merger of Schaeffler and Vitesco Technologies is expected to lead to a higher market capitalization and a higher free float of the Combined Group. As a result, it is to be expected that the Combined Group will have a higher visibility among analysts and investors and that the willingness of particularly institutional investors to invest will improve. This will open up new groups of investors, which should increase the attractiveness of the share in Schaeffler as Combined Group after completion of the merger.

## D. ALTERNATIVES TO THE MERGER

Potential alternatives to the merger of Vitesco Technologies into Schaeffler by way of absorption are either not equally suited to achieve the intended integration objectives pursued with the transaction or would entail other disadvantages according to the results of the examination by the executive boards of Schaeffler and Vitesco Technologies.

### I. Merger by Way of a New Formation

In the case of a merger by way of a new formation, the entire assets of Schaeffler and Vitesco Technologies would each be transferred as transferring legal entities to a newly formed legal entity. This would result in the transfer of a significantly larger total of assets, which would trigger higher real estate transfer taxes, particularly with regard to the properties to be transferred by Schaeffler, which is not the case with the structure chosen here (see also the information under Section G.III for the tax consequences of the merger). Furthermore, in the case of a merger by way of a new formation, share capital would have to be created at the new company that serves to grant the consideration not only to the Vitesco Shareholders entitled to exchange their shares, but also to all Schaeffler Shareholders. The associated costs (such as examination by the registry court, exchange of shares, etc.) would be significantly higher than in the case of the planned merger of Vitesco Technologies into Schaeffler, without any associated advantages. In addition, the merger into Schaeffler as legal entity capable of acting is advantageous in particular with regard to the listing of the new shares to be issued to the Vitesco Shareholders as consideration in the course of the merger, as Schaeffler can already effectively carry out the listing procedure of the new voting common shares to be created before the merger is completed.

### II. Capital Increase in Kind with an Exchange Offer

The consolidation of Schaeffler and Vitesco Technologies could also have been legally implemented by way of a capital increase in kind by Schaeffler.

To this end, Schaeffler would have had to first offer the Vitesco Shareholders to exchange their Vitesco Shares for shares in Schaeffler by way of a public offer. The Vitesco Shares would then have been contributed to Schaeffler by way of a non-cash capital increase and new shares in Schaeffler would have been issued in return. However, an argument against the combination by way of a non-cash capital increase at A-AG is that the integration of the two corporate groups would be legally complicated by the combination by way of a non-cash capital increase. A capital increase in kind would lead to a participation of Schaeffler in Vitesco Technologies. However, since it cannot be assumed that the exchange offer would be accepted by all

Vitesco Shareholders, such a transaction structure would result in two companies with free float. In order to achieve a complete integration of Schaeffler and Vitesco Technologies, as achieved by the merger through absorption, further structural measures would be required, which would reduce the transaction security and increase the transaction costs compared to the merger by way of absorption. The objective of a uniform, efficiently structured Combined Group would not be achieved, or at least not in a timely manner.

## III. Merger of Schaeffler into Vitesco Technologies

In view of the prior Tender Offer, which served to create or increase the transaction security, a merger of Schaeffler into Vitesco Technologies was not considered and would not have offered any advantages over the chosen structure, either from the point of view of the companies involved or from the point of view of their shareholders.

Due to the higher German real estate values within the Schaeffler Group compared to the Vitesco Group, a merger of Schaeffler into Vitesco Technologies would also lead to a higher real estate transfer tax burden than a merger of Vitesco Technologies into Schaeffler.

## IV. Control and Profit and Loss Transfer Agreement

The conclusion of a control and profit and loss transfer agreement between Schaeffler as the controlling company and Vitesco Technologies as the dependent company would also facilitate an extensive integration of Vitesco Technologies into the Schaeffler Group. However, it would allow Vitesco Technologies to continue to exist as a separate legal entity and listed stock corporation. The objectives of simplifying the group structure, increasing the transaction security and saving costs could therefore not be achieved in the manner described above.

## V. Squeeze-out or Integration

An squeeze-out of the minority shareholders of Vitesco Technologies under stock corporation law pursuant to Sections 327a *et seq.* AktG or integration under stock corporation law pursuant to Sections 319 *et seq.* AktG are out of the question, as Schaeffler does not hold 95% of the share capital of Vitesco Technologies. A squeeze-out under conversion law pursuant to Section 62 para. 5 UmwG is also out of the question, as Schaeffler does not directly hold 90% of the share capital of Vitesco Technologies.

Furthermore, both a squeeze-out under stock corporation law or conversion law and an integration under stock corporation law would be accompanied by an outflow of liquidity at Schaeffler.

## E. MERGER CONTROL

The intended merger of Vitesco Technologies into Schaeffler is not subject to notification pursuant to Section 39 of the German Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*, "**GWB**") or other merger control regulations.

## F. IMPLEMENTATION OF THE MERGER

### I. Merger of Vitesco Technologies into Schaeffler by Way of Absorption

Schaeffler and Vitesco Technologies are to be fully integrated through the merger, hereafter to operate as a single legal and economic entity with its registered office in Herzogenaurach.

The integration of Schaeffler and Vitesco Technologies shall occur via a merger by way of absorption of Vitesco Technologies into Schaeffler, resulting in the dissolution of Vitesco Technologies without liquidation, in exchange for the issuance of shares, in accordance with the provisions of the UmwG. Pursuant to Section 2 para. 1 UmwG, the assets of Vitesco Technologies, including all rights and obligations, shall be transferred in their entirety to Schaeffler (Universal succession – *Gesamtrechtsnachfolge*). The merger becomes effective upon its entry into the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Fuerth, responsible for Schaeffler, so that all assets, liabilities, rights, and obligations of Vitesco Technologies are transferred to Schaeffler at that time. Consequently, Vitesco Technologies ceases to exist, and Vitesco Shareholder become shareholders of Schaeffler. To the extent that Schaeffler holds Vitesco Shares or Vitesco Shares are held for its account prior to the merger taking effect, Schaeffler will not be granted any shares in accordance with the statutory provision of Section 20 para. 1 no. 3 UmwG. The details of the merger are set out in the Merger Agreement dated March 13, 2024, which is explained in more detail in Section H of this report.

### II. Key Steps of the Merger

#### 1. Merger Agreement

The legal basis for the merger by way of absorption is the Merger Agreement between Schaeffler and Vitesco Technologies. The supervisory board of Schaeffler approved the conclusion of the Merger Agreement on March 13, 2024, and the special committee of the supervisory board of Vitesco Technologies approved it on March 13, 2024. The Merger Agreement was concluded on March 13, 2024, by Schaeffler and Vitesco Technologies in notarized form. In addition to being notarized, the Merger Agreement requires the approval of the general meetings of Schaeffler and Vitesco Technologies in order to become effective. However, the approval of the Schaeffler Non-voting Common Shareholders to the Merger Agreement is not required pursuant to Section 65 para. 2 UmwG.

The notarized Merger Agreement was submitted to the competent registry courts (*Registergerichte*) of Schaeffler and Vitesco Technologies on March 13, 2024.

### 2. Approval by the General Meeting of Schaeffler and Vitesco Technologies

The general meeting of Vitesco Technologies will take place on April 24, 2024. At this general meeting, the Vitesco Shareholders will decide on the approval of the merger agreement (the "**Vitesco Merger Resolution**").

The general meeting of Schaeffler will take place on April 25, 2024. At this general meeting, the Schaeffler Voting Common Shareholders will decide on the approval of the Merger Agreement (the "**Schaeffler Merger Resolution**", and together with the Vitesco Merger Resolution, the "**Merger Resolutions**").

### 3. Register application and Registration of the Merger

After the Merger Resolutions have been passed, the executive boards of Schaeffler and Vitesco Technologies will submit the merger to be registered in the commercial register at their respective registered offices.

The merger becomes effective with the registration in the commercial register of the local court (*Amtsgericht*) of Fuerth responsible for Schaeffler. It should be noted that this registration can only be made after (i) the merger has been registered in the commercial register of the local court (*Amtsgericht*) of Regensburg responsible for Vitesco Technologies (see Section 19 para. 1 sentence 1 UmwG), and (ii) the capital increase has been registered in the commercial register of the local court (*Amtsgericht*) of Fuerth responsible for Schaeffler (see Section 66 UmwG).

## III. Costs of the Merger

According to the current estimate, the total costs of the merger will amount to approximately EUR 7.5 million. These costs include, among others, the costs of the merger audit in the estimated amount of EUR 600,000.00, the costs for the notarization of the Merger Agreement in the estimated amount of EUR 23,000.00, as well as the costs for preparing and holding the required general meetings in the estimated amount of EUR 1,200,000.00. In addition, the further costs for execution of the share exchange, the costs for the necessary publications and register entries and finally the costs of external advisors are included.

Furthermore, real estate transfer taxes may be incurred as a result of the merger (see also the information under Section G.III.3.a), unless the real estate held by subsidiaries of Vitesco Technologies is transferred to the Schaeffler Group before the merger takes effect. However, foreign tax burdens from the transfer of assets are not expected.

# G. ACCOUNTING, CORPORATE LAW AND TAX CONSEQUENCES OF THE MERGER

## I. Accounting Consequences of the Merger

### 1. General Information on Accounting Effects

#### a. Annual Financial Statements in accordance with the German Commercial Code of Schaeffler

If the merger becomes effective by the end of February 28, 2025, the merger of Vitesco Technologies into Schaeffler will take place with retroactive economic effect as of the merger effective date of January 1, 2024 (in the event of a delay in the effectiveness of the merger, see also the information under Section H.VII). From this effective date, Vitesco Technologies' actions will be deemed to have been carried out for Schaeffler's account for commercial accounting purposes. Vitesco Technologies' balance sheet as of December 31, 2023, will be used as the closing balance sheet (*Schlussbilanz*).

According to Section 24 UmwG, Schaeffler has the option of either continuing the carrying amounts of the transferred assets and liabilities recognized in Vitesco Technologies' closing balance sheet in its accounting or recognizing the actual acquisition costs in accordance with Sections 253 para. 1, 255 para. 1 German Commercial Code (*Handelsgesetzbuch*, "**HGB**"). When applying the acquisition cost method, the acquisition costs in mixed cases, in which a merger occurs both with and without a capital increase, are determined according to the following principles. Insofar as the merger takes place without a capital increase, the acquisition costs are determined in accordance with the exchange principles in the amount of the book value of the shares to be sold, in the amount of the fair value of the shares to be sold or in the amount of the intermediate value not affecting income, which is determined from the book value of the shares to be sold plus any income tax charge, insofar as the exchange leads to a realization of profit for income tax purposes. Insofar as the merger takes place with a capital increase, the acquisition costs of the acquiring legal entity are determined by the issue amount of the shares granted in return, which is comprised of the nominal amount of the shares and, if applicable, an agreed quantified or unquantified premium (*Agio*).

The option will be exercised when Schaeffler's annual financial statements are prepared and adopted for the financial year in which the merger is economically completed. In accordance with the corresponding agreement in the Merger Agreement, Schaeffler intends to apply the carrying amount method (*Buchwertverknüpfung*) according to Section 24 UmwG and thus to continue the carrying amounts of the transferred assets and liabilities recognized in Vitesco Technologies' closing balance sheet in its accounting.

Vitesco's Shareholders will only receive voting common shares in Schaeffler as consideration, unless an additional cash payment is legally mandatory pursuant to Sections 72a, 72b UmwG. Schaeffler will provide these as part of a capital increase to implement the merger.

**b. Consolidated Financial Statements in accordance with IFRS of the Schaeffler Group**

INA-Holding Schaeffler GmbH & Co. KG, Herzogenaurach, Germany, controls both Schaeffler and Vitesco Technologies in accordance with IFRS 10. Therefore, the merger of Vitesco Technologies into Schaeffler constitutes a business combination under common control. Business combinations of entities under common control are excluded from the scope of IFRS 3 (IFRS 3.2(c)). Other currently applicable IASB standards also do not provide any explicit rules for the treatment of such cases. The executive board of Schaeffler must, therefore, develop and apply a suitable accounting and valuation method in accordance with IAS 8, exercising its discretionary power.

Literature suggests that, when it comes to the accounting treatment of Vitesco Technologies' merger with Schaeffler in the consolidated financial statements as per IFRS, there is the option of adopting the consolidated carrying amounts of the Vitesco Group (predecessor accounting) or applying the acquisition method as per IFRS 3 (acquisition method)

In its consolidated financial statements according to IFRS, Schaeffler intends to apply the carrying amount assumption and thus continue the carrying amount of assets and liabilities recognized by Vitesco Technologies in its consolidated financial statements according to IFRS in its group financial reporting. The carrying amounts will be adopted as of the date of control of Vitesco Technologies. A retroactive effect to the January 1, 2024 merger date is generally not provided for in IFRS accounting.

## 2. Pro Forma Balance Sheet of Schaeffler as a Combined Group as of January 1, 2024

Individual figures referenced in this Section G.I of the Merger Report were commercially rounded. Total or subtotals contained in the tables under this Section 2 may differ from the non-rounded values stated elsewhere due to commercial rounding. Furthermore, such commercially rounded figures may not add up exactly to the subtotals or totals contained in the tables under this Section 2 or stated elsewhere in this Merger Report.

### a. Pro Forma Balance Sheet of Schaeffler (HGB) as of January 1, 2024

The accounting effects of the merger are presented below in the form of a pro forma balance sheet of Schaeffler as a Combined Group as of January 1, 2024 (*financial statements*). The information presented as of December 31, 2023 does not include the additional effects of the Tender Offer and the TRS Acquisition, which are also included below. The information below is based on the following assumptions and principles and is based on the status as of December 31, 2023.

- The pro forma balance sheet for Schaeffler as a Combined Group as of January 1, 2024, is prepared based on the balance sheets of Schaeffler and Vitesco Technologies as of December 31, 2023, for which unqualified audit opinions were issued (each financial statements according to HGB).

- Schaeffler's pro forma balance sheet was not prepared in accordance with and deviates significantly from, the IDW Accounting Guidelines for the Preparation of Pro Forma Financial Data (IDW RH HFA 1.004). It contains a simplified presentation and has not been audited.

- All of Vitesco Technologies' assets and liabilities are transferred to Schaeffler at the carrying amount of the closing balance sheet as of December 31, 2023 and are shown at carrying amount.

- The merger of Vitesco Technologies into Schaeffler will take place internally with effect from January 1, 2024.

- The additional effects presented separately include the acquisition of the Vitesco Shares as part of the Tender Offer and the TRS Acquisition and their respective financing, which were not recognized in Schaeffler's balance sheet until January 2024. As a result of the Tender Offer, which was completed on January 5, 2024, Schaeffler acquired 11,957,629 shares (approximately 29.88% of Vitesco Technologies' share capital) at an acquisition cost of EUR 1,124 million. Furthermore, on January 23, 2024, Schaeffler acquired 3,600,000 shares (approx.

9% of Vitesco Technologies' share capital) from BofA as part of the TRS Acquisition for EUR 303 million. The Tender Offer was financed with bank debt, while cash and cash equivalents were used to finance the TRS Acquisition. At the same time, the provision for pending losses of EUR 45 million existing for the TRS as of December 31, 2023, was adjusted in January 2024 by a reversal of EUR 21 million, and utilization of EUR 24 million.

- Corresponding to the exchange ratio of five Vitesco Shares into 57 voting common shares of Schaeffler stipulated in the Merger Agreement, Schaeffler's subscribed capital will be increased by EUR 278,884,641.00 from EUR 666,000,000.00 to EUR 944,884,641.00. The capital increase in the retroactive period is included in the effects of the merger.

- The subscribed capital, the capital reserves, the retained earnings and the balance sheet profit of Vitesco Technologies will be removed from the balance sheet during the merger. Schaeffler's subscribed capital comprises the subscribed capital (before the merger) of EUR 666,000,000.00, and the nominal amount of the capital increase at Schaeffler required to implement the merger in the amount of EUR 278,884,641.00. The subscribed capital of Schaeffler as a Combined Group after the merger thus amounts to EUR 944,884,641.00.

- Insofar as Schaeffler holds shares in Vitesco Technologies, the proportionate assets of Vitesco Technologies will be transferred to Schaeffler in the merger without increasing Schaeffler's share capital in this respect (Sections 20 para. 1 no. 3 half-sentence 1st case, 68 para. 1 sentence 1 no. 1 UmwG). The carrying amount of the Vitesco Shares held by Schaeffler will, therefore, no longer exist due to the merger.

- Schaeffler expects that as a result of the planned continuation of the carrying amount and the cancellation of the Vitesco Shares held by Schaeffler due to the conversion, a merger loss of around EUR 24 million will occur. This amount will be recognized in the year of the transfer of economic ownership and, thus, the economic completion of the merger. Insofar as the merger takes place with a capital increase and the carrying amount of the acquired assets (net assets) of Vitesco Technologies exceeds the issue amount of Schaeffler's new shares, the excess amount will be allocated to the capital reserve in accordance with Section 272 para. 2 no. 4 HGB. The capital reserves of Schaeffler as a Combined Group shown in the pro forma balance sheet includes the premium from the capital increase to implement the merger in addition to the capital reserves shown in Schaeffler's balance sheet (before the merger).

- The pro forma balance sheet for Schaeffler as Combined Group as of January 1, 2024 is prepared without taking into account the effects of current or deferred income taxes from the additional effects presented and the merger.

Based on these assumptions, the merger essentially has the following accounting effects.

The column "Pro Forma Balance Sheet of Schaeffler as Combined Group 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition" is calculated by adding the columns "Balance Sheet (HGB) Schaeffler 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition", "Balance Sheet (HGB) Vitesco Technologies 12/31/2023" and "Effects of the merger" and includes additional effects of the Tender Offer and the TRS Acquisition that did not occur until after January 1, 2024 and, therefore, does not represent a balance sheet in accordance with German commercial law as of January 1, 2024.

| **In EUR million** | **Balance sheet (HGB) Schaeffler as of 12/31/2023** | **Additional effects of the Tender Offer and the TRS Acquisition** | **Balance sheet (HGB) Schaeffler as of 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition** | **Balance sheet (HGB) Vitesco Technolo-gies as of 12/31/2023** | **Effect of the merger** | **Pro Forma balance sheet of Schaeffler as Combined Group as of 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition** |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Intangible assets** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Property, plant** | 1 | 0 | 0 | 0 | 0 | 1 |
| Shares in affiliated companies | 14,689 | 1,427 | 16,116 | 3,012 | -1,431 | 17,697 |
| Loans receivable from affiliated companies | 186 | 0 | 186 | 0 | 0 | 186 |
| **Long-term financial assets** | 14,875 | 1,427 | 16,302 | 3,012 | -1,431 | 17,883 |
| **Fixed assets** | 14,875 | 1,427 | 16,302 | 3,012 | -1,431 | 17,883 |
| Trade receivables | 10,074 | 0 | 10,074 | 736 | 0 | 10,810 |
| Receivables from entities to which the company is linked by equity ownership | 0 | 0 | 0 | 0 | 0 | 0 |

| In EUR million | Balance sheet (HGB) Schaeffler as of 12/31/2023 | Additional effects of the Tender Offer and the TRS Acquisition | Balance sheet (HGB) Schaeffler as of 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition | Balance sheet (HGB) Vitesco Technologies as of 12/31/2023 | Effect of the merger | Pro Forma balance sheet of Schaeffler as Combined Group as of 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition |
|---|---|---|---|---|---|---|
| Other assets | 329 | -261 | 68 | 3 | 0 | 71 |
| Receivables and other assets | 10,403 | -261 | 10,142 | 739 | 0 | 10,881 |
| Securities | 271 | -65 | 206 | 0 | 0 | 206 |
| **Current assets** | 10,674 | -326 | 10,348 | 739 | 0 | 11,087 |
| Prepaid expenses and deferred charges | 1 | 0 | 1 | 3 | 0 | 4 |
| Excess of plan assets over post-employment benefit liability | 5 | 0 | 5 | 0 | 0 | 5 |
| **Total assets** | 25,554 | 1,101 | 26,655 | 3,754 | -1,431 | 28,978 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | | |
| Share capital | 666 | 0 | 666 | 100 | 179 | 945 |
| Capital reserves | 2,359 | 0 | 2,359 | 3,488 | -1,556 | 4,291 |
| Revenue reserves | 4,208 | 0 | 4.208 | 16 | -16 | 4,208 |
| Retained earnings | 426 | 21 | 447 | 14 | -38 | 423 |
| **Shareholders' equity** | 7,659 | 21 | 7,680 | 3,618 | -1,431 | 9,867 |
| Provisions for pensions and similar obligations | 75 | 0 | 75 | 13 | 0 | 88 |
| Tax provisions | 22 | 0 | 22 | 8 | 0 | 30 |
| Other provisions | 166 | -45 | 121 | 38 | 0 | 159 |
| **Provisions** | 263 | -45 | 218 | 58 | 0 | 276 |
| Bonds | 2,950 | 0 | 2,950 | 0 | 0 | 2,950 |
| Bank debt | 918 | 1,124 | 2,042 | 0 | 0 | 2,042 |
| Trade payables | 10 | 0 | 10 | 0 | 0 | 10 |
| Amounts payable to affiliated companies | 13,605 | 0 | 13,605 | 78 | 0 | 13,683 |
| Other liabilities | 149 | 0 | 149 | 0 | 0 | 149 |
| **Liabilities** | 17,632 | 1,124 | 18,756 | 78 | 0 | 18,834 |
| **Total shareholders'** | 25,554 | 1,101 | 26,655 | 3,754 | -1,431 | 28,978 |

## b. Pro Forma Consolidated Balance Sheet of the Schaeffler Group (IFRS) as of January 1, 2024

The accounting effects of the merger are presented below in the form of a pro forma consolidated balance sheet of Schaeffler Group as of January 1, 2024. The information presented as of December 31, 2023 does not include the additional effects of the Tender Offer and the TRS Acquisition, which are also included below. The information below is based on the following additional assumptions and principles compared to the pro forma financial statements.

- The pro forma consolidated balance sheet of the Schaeffler Group is prepared based on the consolidated balance sheets of the Schaeffler Group and the Vitesco Group as of December 31, 2023, for each of which unqualified audit opinions were issued (each according to IFRS). The pro forma consolidated balance sheet of the Schaeffler Group describes the expected effects a successful completion of the merger would have had on the consolidated balance sheet of the Schaeffler Group if the merger had already taken effect on January 1, 2024.

- Schaeffler's pro forma consolidated balance sheet of the Schaeffler Group was not prepared in accordance with and deviates significantly from, the IDW Accounting Guidelines for the Preparation of Pro Forma Financial Data (IDW RH HFA 1.004). It contains a simplified presentation and has not been audited.

- The purpose of preparing a pro forma consolidated balance sheet for the Schaeffler Group, it is assumed that Schaeffler applies the carrying amount assumption. All assets and liabilities of the Vitesco Group are taken over by the Schaeffler Group at the carrying amounts of Vitesco Group's consolidated balance sheet. However, a different application (acquisition method similar to IFRS 3) in the Schaeffler Group's IFRS consolidated financial statements, in which the merger is to be accounted for in accordance with IFRS 3, is not excluded. For presentation purposes, the consolidated balance sheets of Schaeffler Group and Vitesco Group as of December 31, 2023 are used. However, the actual transfer of the carrying amounts of Vitesco Group's assets and liabilities will not take place until Schaeffler gains control of Vitesco Technologies at a later date. A retroactive effect in the consolidated balance sheet according in accordance with IFRS is generally not indented.

- The pro forma consolidated balance sheet is based on assumptions that may or may not prove to be correct and, due to its nature, merely describes a situation that may or may not occur. Consequently, it does not reflect the actual net assets and financial position of the Schaeffler Group.

- The carrying amounts were extracted without adjustment from Vitesco Group's consolidated balance sheet prepared in accordance with IFRS. The accounting and valuation methods of Vitesco Group were not adjusted to the accounting and valuation methods of Schaeffler Group.

- The additional effects presented separately include the acquisition of the Vitesco Shares as part of the Tender Offer and the TRS Acquisition and their respective financing, which were not recognized in Schaeffler's balance sheet until January 2024. As a result of the Tender Offer, which was completed on January 5, 2024, Schaeffler acquired 11,957,629 shares (approximately 29.88% of Vitesco Technologies' share capital) at an acquisition cost amounting to EUR 957 million (including effects from derivate financial instruments). Furthermore, on January 23, 2024, Schaeffler acquired 3,600,000 shares (approx. 9% of Vitesco Technologies' share capital) from BofA as part of the TRS Acquisition at an acquisition cost amounting to EUR 303 million. The Tender Offer was financed with bank debt, while cash and cash equivalents were used to finance the TRS Acquisition. At the same time, the existing devaluation of EUR 45 million. for the TRS as of December 31, 2023, was adjusted in January 2024 by a reversal of EUR 21 million, and utilization of EUR 24 million. The subsequent measurement of derivative financial instruments in connection with the Tender Offer resulted in income of EUR 21 million. in January 2024.

- Insofar that Schaeffler holds shares in Vitesco Technologies, the proportionate assets of Vitesco Technologies will be transferred to Schaeffler in the merger without increasing Schaeffler's share capital in this respect (Sections 20 para. 1 no. 3 half-sentence 1st case, 68 para. 1 sentence 1 no. 1 UmwG). The consolidated carrying amount of the investment in Vitesco Technologies held by Schaeffler will therefore no longer exist due to the merger. Any difference between the carrying amount of the investment in Vitesco Technologies that will no longer exist and the proportionate equity of Vitesco Technologies that is absorbed will be offset against the equity of the Schaeffler Group.

- The capital reserves of Schaeffler as a Combined Group shown in the pro forma balance sheet include the premium from the capital increase to implement the merger in addition to the capital reserves shown in Schaeffler's consolidated balance sheet (before the merger). The premium is determined as the difference between the proportionate consolidated carrying amounts of the assets and liabilities of the Vitesco Group to be taken over and the nominal amount of the capital increase at Schaeffler required to implement the merger in the amount of EUR 278,884,641.00 and the accumulated other equity of Vitesco Technologies acquired.

- The receivables and liabilities between the Schaeffler Group and the Vitesco Group existing as of December 31, 2023, these will be eliminated as part of the debt consolidation and presented in the effects of the merger.

- The pro forma balance sheet for the Schaeffler Group as of January 1, 2024 is prepared without taking into account the effects of current or deferred income taxes from the additional effects presented and the merger.

Based on these assumptions, the merger essentially has the following accounting effects.

The column "Pro forma consolidated balance sheet of Schaeffler as Combined Group as of January 1, 2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition" is calculated by adding the columns "Consolidated balance Sheet Schaeffler as of December 31, 2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition", "Consolidated balance Sheet Vitesco Technologies as of December 31, 2023" and "Effects of the merger" and includes additional effects of the Tender Offer and the TRS Acquisition that did not occur until after January 1, 2024 and, therefore, does not represent a balance sheet in accordance with German commercial law as of January 1, 2024.

| **In EUR million** | **Consolidated balance sheet Schaeffler as of 12/31/2023** | **Additional effects of the Tender Offer and the TRS Acquisition** | **Consolidated balance sheet Schaeffler as of 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition** | **Consolidated balance sheet Vitesco Technologies as of 12/31/2023** | **Effect of the merger** | **Pro Forma Consoli-dated balance sheet of the Schaeffler Group as of 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition** |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Intangible assets | 1,617 | 0 | 1,617 | 1,122 | 0 | 2,739 |
| Right-of-use assets under leases | 236 | 0 | 236 | 216 | 0 | 452 |
| Property, plant and equipment | 4,555 | 0 | 4,555 | 2,063 | 0 | 6,618 |

| In EUR million | Consolidated balance sheet Schaeffler as of 12/31/2023 | Additional effects of the Tender Offer and the TRS Acquisition | Consolidated balance sheet Schaeffler as of 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition | Consolidated balance sheet Vitesco Technologies as of 12/31/2023 | Effect of the merger | Pro Forma Consolidated balance sheet of the Schaeffler Group as of 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition |
|---|---|---|---|---|---|---|
| Investments in joint ventures and associated companies | 7 | 1,269 | 1,276 | 20 | -1,269 | 27 |
| Costs to fulfill contracts | 330 | 0 | 330 | 0 | 0 | 330 |
| Other financial assets | 192 | 0 | 192 | 62 | 0 | 254 |
| Other assets | 174 | 0 | 174 | 18 | 0 | 192 |
| Income tax receivables | 75 | 0 | 75 | 0 | 0 | 75 |
| Deferred tax assets | 783 | 0 | 783 | 266 | 0 | 1,049 |
| **Total non-current assets** | 7,971 | 1,269 | 9,240 | 3,768 | -1,269 | 11,738 |
| Inventories | 2,812 | 0 | 2,812 | 825 | 0 | 3,637 |
| Contract assets | 65 | 0 | 65 | 2 | 0 | 67 |
| Trade receivables | 2,575 | 0 | 2,575 | 1,546 | -19 | 4,102 |
| Other financial assets | 389 | 216 | 173 | 93 | 0 | 266 |
| Other assets | 363 | -9 | 354 | 252 | 0 | 606 |
| Income tax receivables | 38 | 0 | 38 | 33 | 0 | 71 |
| Cash and cash equivalents | 769 | -65 | 704 | 1,064 | 0 | 1,768 |
| Assets held for sale | 25 | 0 | 25 | 0 | 0 | 25 |
| **Total current assets** | 7,036 | 290 | 6,746 | 3,815 | -19 | 10,542 |
| **Total assets** | 15,006 | 978 | 15,984 | 7,583 | -1,289 | 22,278 |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | | | |
| Share capital | 666 | 0 | 666 | 100 | 179 | 945 |
| Capital reserves | 2,348 | 0 | 2,348 | 3,488 | -2,291 | 3,545 |
| Other reserves | 1,233 | 42 | 1,275 | -843 | 843 | 1,275 |
| Accumulated other comprehensive income (loss) | -476 | 0 | -476 | 106 | 0 | -370 |

| In EUR million | Consolidated balance sheet Schaeffler as of 12/31/2023 | Additional effects of the Tender Offer and the TRS Acquisition | Consolidated balance sheet Schaeffler as of 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition | Consolidated balance sheet Vitesco Technologies as of 12/31/2023 | Effect of the merger | Pro Forma Consolidated balance sheet of the Schaeffler Group as of 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition |
|---|---|---|---|---|---|---|
| **Equity attributable to shareholders of the parent company** | 3,771 | 42 | 3,813 | 2,851 | -1,269 | 5,395 |
| Non-controlling interests | 135 | 0 | 135 | 0 | 0 | 135 |
| **Total shareholders' equity** | 3,905 | 42 | 3,947 | 2,851 | -1,269 | 5,529 |
| Provisions for pensions and similar obligations | 1,832 | 0 | 1,832 | 533 | 0 | 2,365 |
| Provisions | 208 | 0 | 208 | 229 | 0 | 437 |
| Financial debt | 3,068 | 1,124 | 4,192 | 495 | 0 | 4,687 |
| Contract liabilities | 173 | 0 | 173 | 2 | 0 | 175 |
| Income tax payables | 62 | 0 | 62 | 0 | 0 | 62 |
| Other financial liabilities | 91 | 0 | 91 | 0 | 0 | 91 |
| Lease liabilities | 175 | 0 | 175 | 177 | 0 | 352 |
| Other liabilities | 6 | 0 | 6 | 11 | 0 | 17 |
| Deferred tax liabilities | 199 | 0 | 199 | 141 | 0 | 340 |
| **Total non-current liabilities** | 5,813 | 1,124 | 6,937 | 1,588 | 0 | 8,525 |
| Provisions | 313 | 0 | 313 | 425 | 0 | 738 |
| Financial debt | 890 | 0 | 890 | 0 | 0 | 890 |
| Contract liabilities | 136 | 0 | 136 | 132 | 0 | 268 |
| Trade payables | 2,357 | 0 | 2,357 | 1,839 | -19 | 4,177 |
| Income tax payables | 114 | 0 | 114 | 94 | 0 | 208 |
| Other financial liabilities | 811 | -188 | 623 | 537 | 0 | 1,160 |
| Lease liabilities | 63 | 0 | 63 | 43 | 0 | 106 |
| Refund liabilities | 282 | 0 | 282 | 0 | 0 | 282 |
| Other liabilities | 320 | 0 | 320 | 75 | 0 | 395 |

| In EUR million | Consolidated balance sheet Schaeffler as of 12/31/2023 | Additional effects of the Tender Offer and the TRS Acquisition | Consolidated balance sheet Schaeffler as of 12/31/2023 taking into account the additional effects of the Tender Offer and the TRS Acquisition | Consolidated balance sheet Vitesco Technologies as of 12/31/2023 | Effect of the merger | Pro Forma Consoli-dated balance sheet of the Schaeffler Group as of 01/01/2024 taking into account the additional effects of the Tender Offer and the TRS Acquisition |
|---|---|---|---|---|---|---|
| Liabilities associated with assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total current liabilities** | 5,287 | -188 | 5,099 | 3,144 | -19 | 8,224 |
| **Total shareholders' equity and liabilities** | 15,006 | 978 | 15,984 | 7,583 | -1,289 | 22,278 |

## II. Consequences of the Merger under Corporate Law

### 1. Transfer of the Assets from Vitesco Technologies to Schaeffler by way of Universal Succession

Pursuant to Section 20 para. 1 UmwG, the merger shall take effect upon its entry in the commercial register of the local court (*Amtsgericht*) of Fuerth, Germany, responsible for Schaeffler. Upon effectiveness of the merger, Vitesco Technologies ceases to exist as an independent legal entity pursuant to Section 20 para. 1 no. 2 sentence 1 UmwG.

Upon the merger taking effect, the assets of Vitesco Technologies, including its liabilities, will be transferred to Schaeffler by way of universal succession (*Gesamtrechtsnachfolge*) in accordance with Section 20 para. 1 no. 1 UmwG. Subject to the postponement of the effective date explained below, the assets of Vitesco Technologies will be transferred internally as of the merger effective date of January 1, 2024, 00:00 hours. All actions and transactions of Vitesco Technologies shall be deemed to have been carried out for the account of Schaeffler from the merger date until the date on which Vitesco Technologies ceases to exist pursuant to Section 20 para. 1 no. 2 sentence 1 UmwG. Vitesco Technologies' balance sheet as of December 31, 2023 will be used as the closing balance sheet.

In accordance with Section 20 para. 1 no. 1 UmwG, Schaeffler also enters into the company agreements existing between Vitesco Technologies and its subsidiaries up to the time the merger takes effect, including the rights and obligations resulting from these (such as the right to profit transfer and the corresponding obligation to assume losses). This concerns the domination and profit and loss transfer agreement between Vitesco Technologies and Vitesco Technologies 2. Verwaltungs GmbH.

If the merger has not become effective before the end of February 28, 2025 through entry in the commercial register at the registered office of Schaeffler as the acquiring legal entity, the merger effective date pursuant to Section 7 of the Merger Agreement will be postponed to January 1, 2025, 00:00 hours, based on Vitesco Technologies' balance sheet as of December 31, 2024 (see also the information under Section H.VII for this and other possible delays beyond February 28, 2025).

## 2. Future Business Operations, Organization and Management of the Combined Group

### a. Future Business Operations

The merger of Schaeffler and Vitesco Technologies shall enable the establishment of a leading Motion Technology Company with four focused divisions, namely the divisions E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions as well as Bearings & Industrial Solutions. Schaeffler as Combined Group intends to further pursue the previous growth strategy of Schaeffler, utilizing the expected synergies to realize additional value added in the interests of all stakeholders.

- The E-Mobility Division shall combine the capabilities of Schaeffler (e-mobility) and Vitesco Technologies (electrification).
- The Powertrain & Chassis Division shall include the Schaeffler's and Vitesco Technologies' businesses in conventional powertrain plus chassis.
- The Vehicle Lifetime Solutions Division shall combine Vitesco Technologies' Automotive Aftermarket activities with Schaeffler's existing aftermarket platform, creating an integrated platform player.
- The Bearings & Industrial Solutions Division shall consist of Schaeffler's previous Industrial Division and its Automotive Bearings Business Division.

### b. Organization and Management

Taking into account the responsibility of the supervisory board to nominate and appoint the members of the executive board, Schaeffler and Vitesco Technologies have agreed on the formation of a nine-member executive board of the Combined Group. The executive board will be chaired by Schaeffler's CEO, Klaus Rosenfeld. The executive board will also include the four functional board members Finance &

IT, Human Resources, Research & Development, Production/Supply Chain/Management/Purchasing, as well as the board members of the four newly formed divisions E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions and Bearings & Industrial Solutions. Together with the regional executive board, the executive board will form the board of managing directors of the Combined Group. The board of managing directors is not to be equated with Schaeffler's management body under corporate law, the executive board. Thomas Stierle, who currently serves as a member of the executive board of Vitesco Technologies, directing the Vitesco Technologies Electrification Division, shall be appointed as a member of the executive board of the Combined Group, leading the E-Mobility Division.

The registered office of the Combined Group will be Herzogenaurach, Germany. The mandates of the current members of the supervisory board of Vitesco Technologies will end when the merger takes effect. The supervisory board of Schaeffler in office at the time the merger takes effect remains in office unchanged. This applies with the exception of Jürgen Wechsler, who, as described under Section B.I.4.b, will resign from his position on the supervisory board effective upon the conclusion of the general meeting that decides on the discharge of the supervisory board for the financial year 2023. The term of office of the current members of the supervisory board will not be affected by the merger.

### 3. Granting of Shares in Schaeffler to Vitesco Shareholders

Upon effectiveness of the merger, the participation rights of the Vitesco Shares expire and the Vitesco Shareholders become shareholders of Schaeffler by law pursuant to Section 20 para. 1 no. 3 sentence 1 1st half-sentence UmwG. However, pursuant to Section 20 para. 1 no. 3 sentence 1 2nd half-sentence UmwG this shall not apply if Vitesco Shares are held by or for the account of Schaeffler. In this case, the transfer of Vitesco Technologies' assets takes place without consideration, *i.e.*, Schaeffler does not receive any new shares for its previous interest in Vitesco Technologies (see Sections 20 para. 1 no. 3, 68 para. 1 sentence 1 no. 1 UmwG). As of the effective date of the merger, the certificates for the Vitesco Shares merely certify a claim to exchange for shares in Schaeffler created in the course of the capital increase in accordance with the exchange ratio stipulated in the Merger Agreement and, if applicable, the distribution of the proceeds from the sale of remaining fractional rights by the Escrow Agent (as defined in H.III).

In accordance with the exchange ratio of 5:57 stipulated in the Merger Agreement, the Vitesco Shareholders who are entitled to this exchange will receive for every 5 (in words: five) registered no-par value shares (*Stückaktien*) of Vitesco Technologies with a nominal value of EUR 2.50 each, 57 (in words: fiftyseven) voting common shares of Schaeffler with a nominal value of EUR 1.00 each (i.e. for every one Vitesco Technologies Share there are 11.4 voting common shares of Schaeffler) (for more details on the exchange ratio, see also the information under Section J). In total, 278,884,641 new voting common shares of Schaeffler, with a pro rata amount of the share capital of EUR 1.00 each, will be issued to the Vitesco Shareholders entitled to this exchange. A settlement offer pursuant to Section 29 UmwG is not required (see also the information under Section G.II.4). Irrespective of when the merger takes effect, Vitesco Shareholders will only receive voting common shares in Schaeffler as consideration, unless an additional cash payment is legally mandatory pursuant to Sections 72a, 72b UmwG.

In order to be able to grant shares in Schaeffler to the Vitesco Shareholders after the merger takes effect, Schaeffler will increase its share capital from currently EUR 666,000,000 by EUR 278,884,641.00 to EUR 944,884,641.00 by issuing 278,884,641 new voting common shares with a nominal value of EUR 1.00 each. The increase in the share capital is to be resolved together with the approval of the Merger Agreement at the general meeting of Schaeffler on April 25, 2024 by the voting common shareholders with voting rights. Pursuant to Section 66 UmwG, the merger may only be entered in the commercial register of the local court (*Amtsgericht*) of Fuerth responsible for Schaeffler after the implementation of the increase in the share capital has been entered in the commercial register.

Prior to the registration of the merger in the commercial register at the registered office of Vitesco Technologies, Schaeffler shall deliver the global share certificate representing the shares to be granted to the Vitesco Shareholders as consideration to the escrow agent appointed by Vitesco Technologies pursuant to Section 71 para. 1 UmwG for the receipt of the shares in Schaeffler granted to the Vitesco Shareholders (see also the information under Section H.III). Vitesco Technologies will instruct the escrow agent to grant the Vitesco Shareholders entitled to exchange their shares indirect co-ownership of the global share certificate deposited with the Escrow Agent (as defined in Section H.III) and/or release the proceeds obtained, instruct the Escrow Agent to grant the Vitesco Shareholders entitled to exchange their shares the pro rata indirect co-ownership of the deposited global share certificate after the registration of the merger in the respective commercial register for Schaeffler and/or to release any proceeds received under the terms of the Merger Agreement subject to the deduction of taxes and any costs and fees by the intermediaries (see also the information under Section H.III) in return for the transfer of their Vitesco Shares.

The exchange process will be carried out immediately upon effectiveness of the merger, whereby continuous tradability of the shares is to be ensured if possible (see also the information under Section I).

## 4. Listing of Shares in Schaeffler to be granted as Consideration

Schaeffler will apply for the admission of the shares in Schaeffler to be granted as consideration and the remaining voting common shares of Schaeffler to the regulated market (*Regulierter Markt*) (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The admission of the shares to trading on the regulated market (*Regulierter Markt*) (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) shall be effected as soon as possible after the merger takes effect. A settlement offer pursuant to Section 29 UmwG is not required, as Vitesco Technologies as a listed stock corporation will be merged into Schaeffler, also a listed stock corporation.

## 5. Effects on the Sponsored American Depositary Receipts Program of Vitesco Technologies

Schaeffler intends to terminate the Sponsored American Depositary Receipts program on Vitesco Technologies' OTC market as part of the merger. In accordance with the Depositary Agreement, the depositary may sell the Schaeffler Shares received in the merger and distribute the net proceeds of such sale (after deducting applicable taxes and/or governmental charges and the fees and expenses of the depositary and/or an affiliate or affiliates of the depositary) to the holders entitled.

## 6. Shareholding of Schaeffler following the Effectiveness of the Merger

To implement the merger, Schaeffler will increase its share capital from currently EUR 666,000,000 by EUR 278,884,641.00 to EUR 944,884,641.00 by issuing 278,884,641 new voting common shares with a nominal value of EUR 1.00 each. Consequently, at the time of the merger takes effect, Schaeffler's share capital will amount to EUR 944,884,641.00 and will be divided into 944,884,641 shares.

If the merger becomes effective at the same time as the Change of the Classes of Shares, the share capital of Schaeffler as a Combined Group will consist exclusively of voting common shares upon effectiveness of the merger. The shares granted to the Vitesco Shareholders shall, in accordance with the agreed exchange ratio, constitute approximately 29.52% of the voting common shares in Schaeffler following the merger. The shares already held by the existing Schaeffler Shareholders in Schaeffler prior to the merger shall, following the merger, constitute approximately 70.48% of the voting common shares in Schaeffler.

If the merger becomes effective before the Change of Classes of Shares, the share capital of Schaeffler as a Combined Group after the merger becomes effective will be divided into 500,000,000 Schaeffler Voting Common Shares, 166,000,000 Schaeffler Non-voting Common Shares and 278,884,641 voting common shares, which will be newly issued by way of a capital increase in order to implement the merger. In this case, too, the shares granted to the former Vitesco Shareholders after the merger will represent approximately 29.52% of the share capital, according to the agreed exchange ratio. The shares previously held by the Schaeffler Shareholders before the merger will represent approximately 70.48% of the share capital after the merger. However, the shares granted to the former Vitesco Shareholders will initially reflect approximately 35.81% of the voting rights from the voting common shares of Schaeffler; the former voting common shares of Schaeffler will initially correspond to approximately 64.19% of the voting rights from voting common shares of Schaeffler. Only when the Changes of the Classes of Shares take effect will the share capital of Schaeffler as a Combined Group consist exclusively of voting common shares and the ratio of the participation in the share capital will match with the voting rights.

## 7. Profit Entitlement

The shares from Schaeffler that the Vitesco Shareholders will receive as consideration for the transfer of Vitesco Technologies' assets will be entitled to profits as of January 1, 2024, subject to the deferral of profit entitlement set out in Section 7.2 of the Merger Agreement. Vitesco Shareholders are entitled to profits at Vitesco Technologies for the 2023 financial year.

Resolutions on the appropriation of the net retained earnings of Schaeffler and Vitesco Technologies for the 2023 financial year will be passed at the general meetings of Vitesco Technologies on April 24, 2024, and of Schaeffler on April 25, 2024. These resolutions of the general meetings will determine whether and to what extent Schaeffler Shareholders and Vitesco Shareholders will receive dividends from their respective Schaeffler Shares and Vitesco Shares for the 2023 financial year.

## 8. Judicial Review of the Exchange Ratio

Legal action by Vitesco Shareholders or Schaeffler Shareholders against the validity of the merger resolutions of Vitesco Technologies' or Schaeffler's general meetings cannot be based on the objection that the exchange ratio of the shares is not appropriate or that the participation in the acquiring entity is not an appropriate equivalent value for the share or the participation in the transferring entity pursuant to Section 14 para. 2 UmwG.

Under Section 15 UmwG in conjunction with Sections 1 et seq. of the German Act on Appraisal Proceedings (*Spruchverfahrensgesetz*, "**SpruchG**"), the Vitesco Shareholders and the Schaeffler Shareholders are entitled to have the exchange ratio assessed in a judicial review, within three months of the merger becoming effective and to demand an improvement in the exchange ratio.

Both Vitesco Technologies and Schaeffler, the legal entities involved in the merger, have stated in the Merger Agreement (as per Section 2.9 of the Merger Agreement) that in the event that a court of law or Schaeffler recognizes, through a judicial or extrajudicial settlement or any other means, that the exchange ratio is not appropriate or that the participation in the acquiring entity is not an appropriate equivalent value for the share or the participation in the transferring entity, the parties declare that instead of an additional cash payment (as per Section 15 UmwG), additional shares of Schaeffler will be granted in accordance with the provisions of Sections 72a, 72b UmwG. If Schaeffler grants additional shares in the acquiring entity to a shareholder of Vitesco Technologies in order to compensate for an inappropriate assessment of the exchange ratio, Schaeffler will treat all other shareholders of Vitesco Technologies entitled to exchange shares equally by granting them additional shares. This applies regardless of whether the compensation is to be paid to the former Vitesco Shareholders or the existing Schaeffler Shareholders.

In order to provide the compensation, additional shares from Schaeffler may be granted, which can be created by means of a capital increase against contributions in kind, in accordance with Section 72b para. 1-4 UmwG. This is applicable only if the entitled shareholders’ claim to receive additional shares has been legally established by a judicial decision (Section 11 para. 1 SpruchG) or a judicial settlement (Section 11 para. 2-4 SpruchG). In that case, the court will also determine further details of the granting of additional shares, in accordance with Section 10a SpruchG.

Particularly if an extrajudicial settlement is reached, Schaeffler may create the additional shares required for compensation by means of a capital increase against contributions in kind, in accordance with Section 183 AktG. Authorized capital may also be utilized for this purpose.

In addition, Schaeffler may fulfill the existing obligation to grant additional Schaeffler shares by transferring treasury shares, provided that Schaeffler acquires these in accordance with Sections 71 *et seq.* AktG.

## III. Tax Implications of the Merger

The following is an overview of selected tax implications that the merger may have for Schaeffler and Vitesco Technologies.

This is not a comprehensive and conclusive assessment of all tax aspects that may be relevant in this context. In particular, it only covers certain German tax implications of the merger, excluding tax implications abroad or tax implications resulting from the Change of Classes of Shares. No guarantee is provided for the completeness and accuracy of the contents of this assessment. The basis of this assessment is the

German tax law applicable at the time of signing this Merger Report as well as corresponding rulings of German courts and administrative directives. Tax laws can change at any time – possibly even with retroactive effect. Furthermore, it cannot be ruled out that the tax authorities or courts may consider a different assessment to be applicable than that presented in this Section.

Shareholders of Vitesco Technologies and Schaeffler are advised to seek tax advice taking into account their personal circumstances regarding the tax implications of the Merger they individually face. This applies in particular to shareholders with limited tax liability in the Federal Republic of Germany, as the tax consequences depend also on the national tax law of the respective shareholder's country of residence and on the provisions of any treaty to avoid double taxation that may apply in individual cases.

### 1. Income Tax Implications for Vitesco Technologies

The implications of the merger for Vitesco Technologies that result from the corporate income tax (*Körperschaftssteuer*) and trade tax (*Gewerbesteuer*) are derived from Sections 2, 11, and 19 of the German Transformation Tax Act (*Umwandlungssteuergesetz*, "**UmwStG**").

The tax income and the assets of Vitesco Technologies are to be determined as if the assets had been transferred to Schaeffler at the end of the transfer date per German tax law (*steuerlicher Übertragungsstichtag*) pursuant to Section 2 para. 1 sentence 1 UmwStG. Therefore, the transferring entity must prepare a final tax balance sheet for the transfer date per German tax law (*steuerlicher Übertragungsstichtag*). The transfer date per German tax law (*steuerlicher Übertragungsstichtag*) for the Merger is the day on which Vitesco Technologies, as the transferring entity, has to prepare its closing balance sheet pursuant to German commercial law. This is (subject to a change in the date according to Section 7 of the Merger Agreement) December 31, 2023, 24:00 hours.

In the tax closing balance sheet of Vitesco Technologies to be prepared as of December 31, 2023, the transferring assets, including intangible assets not acquired for consideration or internally created intangible assets, must generally be valued at the fair market value (Section 11 para. 1 sentence 1 UmwStG). However, Section 6a of the German Income Tax Act applies to the valuation of pension provisions (Section 11 para. 1 sentence 2 UmwStG). This valuation may reveal any hidden reserves in the transferring assets. As a result, the income of Vitesco Technologies relevant for levying corporate income tax (*Körperschaftssteuer*) and trade tax (*Gewerbesteuer*) could increase. Revealing hidden reserves and correspondingly increasing the income of Vitesco Technologies that is subject to corporate income tax

(*Körperschaftssteuer*) and trade tax (*Gewerbesteuer*) can be avoided if the acquiring entity continues the book values of the transferring assets pursuant to Section 11 para. 2 UmwStG. The legal requirements for the intended continuation of the book values can generally be met. Pursuant to the relevant requirements of the tax authorities, Vitesco Technologies, or Schaeffler as its universal successor, will file the necessary application no later than with the first submission of the tax closing balance sheet on December 31, 2023.

Offsettable losses, remaining loss carryforwards, negative income not offset by the transferring legal entity, an interest carryforward pursuant to Section 4h para. 1 sentence 5 of the German Income Tax Act (*Einkommensteuergesetz*, "**EStG**"), and an EBITDA carryforward pursuant to Section 4h para. 1 sentence 3 EStG of Vitesco Technologies as well as of subsidiaries of Vitesco Technologies may be lost due to the merger and, therefore, could not be utilized after the merger (Section 12 para. 3 UmwStG in conjunction with Section 4 para. 2 sentence 2 UmwStG; Section 8c of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "**KStG**"), Section 10a of the German Trade Tax Act (*Gewerbesteuergesetz*, "**GewStG**")).

The corporate income tax loss carryforward and the trade tax loss carryforward of Vitesco Technologies as of December 31, 2023 are currently estimated at around EUR 80.7 million each. Vitesco Technologies GmbH is expected to have corporate income tax loss carryforwards of around EUR 1,007 million and trade tax loss carryforwards of around EUR 962 million as of December 31, 2023. At the level of Vitesco Technologies Lohmar Verwaltungs GmbH (renamed to: Vitesco Technologies Beteiligungs GmbH), corporate income tax loss carryforwards of EUR 6.6 million and trade tax loss carryforwards of EUR 28.8 million are expected as of December 31, 2023. Furthermore, at the level of Vitesco Technologies Holdings Netherlands B.V., there is an expected tax interest carryforward of EUR 25.8 million as of December 31, 2023. Other domestic and foreign Group companies are expected to have certain additional tax losses. The amount of the losses may change, in particular decrease, as a result of current or future tax audits. The possible loss forfeiture at the German Group companies of Vitesco Technologies may be unconstitutional. Proceedings are pending before the Federal Constitutional Court (*Bundesverfassungsgericht*) (BVerfG 2 BvL 19/17) regarding a preliminary version of Section 8c KStG. Furthermore, up to the amount of taxable reserves in Germany within the meaning of Section 8c para. 1 sentence 6 KStG, there is no loss forfeiture in the Group companies concerned. The previous accounting treatment at Vitesco Technologies assumes that domestic losses cannot be fully utilized in a timely manner. Certain foreign losses expire over time if they are not used.

## 2. Income Tax Implications for Schaeffler

The implications of the merger for Schaeffler regarding corporate income tax (*Körperschaftssteuer*) and trade tax (*Gewerbesteuer*) arise from Sections 2, 11, 12 and 19 UmwStG.

Pursuant to Section 2 para. 1 sentence 1 UmwStG, the income and assets of the acquiring company shall be determined as if the assets of the transferring entity had been transferred to it at the end of December 31, 2023, subject to a change of the effective date pursuant to Section 7 of the Merger Agreement (see also the information under Section H.VII). The acquiring entity must adopt the transferred assets at the value reported in the tax closing balance sheet of the transferring entity (with the linkage of the values pursuant to Section 12 para. 1 sentence 1 UmwStG). It assumes the tax position of the transferring entity, for example, regarding the assessment of depreciation, previous ownership periods, or holding periods. Any claims and liabilities of the transferring entity arising from the tax obligation are thus transferred to the acquiring entity. However, offsettable losses, remaining loss carryforwards, negative income not offset by the transferring entity, an interest carryforward pursuant to Section 4h para. 1 sentence 5 EStG and an EBITDA carryforward pursuant to Section 4h para. 1 sentence 3 EStG of Vitesco Technologies do not transfer and, therefore, cannot be utilized by Schaeffler (Section 12 para. 3 UmwStG in conjunction with Section 4 para. 2 sentence 2 UmwStG). Section 12 para. 3 UmwStG applies accordingly to the trade tax losses of Vitesco Technologies that can be carried forward within the meaning of Section 10a GewStG (Section 19 para. 2 UmwStG).

A gain or loss arising at Schaeffler, which equals the difference between the tax book value of the shares in Vitesco Technologies and the value at which Schaeffler must adopt the transferred assets, minus the costs of asset transfer (so-called acquisition gain or loss), shall not be considered for tax purposes (Section 12 para. 2 sentence 1 UmwStG). To the extent Schaeffler holds an interest in Vitesco Technologies, Section 8b KStG applies to the possible acquisition gain. Pursuantly, 5% of any acquisition gain, in proportion to Schaeffler's shareholding in Vitesco Technologies, is considered as non-deductible business expenses.

The balance of the tax contribution account (*steuerliches Einlagekonto*) of Vitesco Technologies pursuant to Section 29 para. 2 KStG is to be added to the tax contribution account (*steuerliches Einlagekonto*) of Schaeffler. However, such addition is omitted in proportion to the shareholding of Schaeffler in Vitesco Technologies before the merger.

Existing corporate agreements between Vitesco Technologies and group companies shall be transferred to Schaeffler by way of universal succession. In the case of the existence and actual implementation of a corresponding profit and loss transfer agreement, this generally also leads to the continuation of a resulting so-called tax group (*Organschaft*) (Sections 14 *et seq*. KStG). Accordingly, Schaeffler will retroactively, as of the tax transfer date, become the controlling company in respect of existing profit and loss transfer agreements and/or domination and profit and loss transfer agreements with Vitesco Technologies, and tax profits or losses of the respective group companies will be attributed to Schaeffler for tax purposes.

## 3. Tax Implications of Real Estate Transfer Tax in the Merger

In the case of a merger, the universal succession results in a change of the legal entity. Consequently, transfers of real estate, as well as the direct and/or indirect transfers of shares in companies owning domestic real estate, are subject to real estate transfer tax under the statutory conditions within the framework of a merger.

Vitesco Technologies itself does not own any real estate. The transfer of real estate owned by the subsidiaries of Vitesco Technologies triggers real estate transfer tax in an expected amount of approximately EUR 4 million. The tax exemption for restructuring within a group (Section 6a of the German Real Estate Transfer Tax Act (*Grunderwerbsteuergesetz*, "**GrEStG**")) does not apply in this case. If the conditions were met, the tax would not be levied. The application of Section 6a GrEStG requires, among other things, that Schaeffler has been holding, directly or indirectly, at least 95% of the shares in Vitesco Technologies for at least 5 years prior to the transformation process.

The real estate transfer tax is based on the property values of the affected real estate (Section 8 para. 2 GrEStG in conjunction with Sections 151 para. 1 sentence 1 no. 1, 157 para. 1 – 3 of the German Valuation Act (*Bewertungsgesetz*, "**BewG**")), where the applicable real estate transfer tax rate depends on the federal state in which the property is located.

### a. Domestic Real Estate Ownership of Subsidiaries of Vitesco Technologies

All Subsidiaries of Vitesco Technologies that own domestic real estate are joint-stock companies (*Kapitalgesellschaften*). In the event of shareholder changes in real estate-owning downstream (*nachgeschaltet*) joint-stock companies (*nachgeschaltete Kapitalgesellschaften*), the supplementary provisions of Section 1 para. 2b GrEStG (so-called change of ownership provision) as well as Section 1 para. 3 and para. 3a GrEStG (so-called share consolidation provision) are particularly significant.

Pursuant to Section 1 para. 2b sentence 1 GrEStG, real estate transfer tax is applicable if the composition of shareholders in a real estate-owning joint-stock company (*Kapitalgesellschaft*) changes within ten years, directly or indirectly, in such a way that at least 90% of the shares of the company are transferred to new shareholders. In multi-level holding structures, the application of Section 1 para. 2b GrEStG must be examined at each individual level of the holding structure.

The merger of Vitesco Technologies into Schaeffler, subject to a possible transfer of the real estate held by Subsidiaries of Vitesco Technologies to the Schaeffler group prior to the Merger becoming effective, may result in a transfer of at least 90% of the shares in the real estate-owning downstream joint-stock companies (*Kapitalgesellschaften*) of Vitesco Technologies, thus, incurring real estate transfer tax for the domestic real estate of these companies under Section 1 para. 2b GrEStG.

The real estate values of the domestic real estate owned by subsidiaries of Vitesco Technologies were roughly estimated to be between EUR 60.2 million and EUR 80 million. Consequently, subject to a possible transfer of the real estate held by subsidiaries of Vitesco Technologies to the Schaeffler Group prior to the merger becoming effective, real estate transfer taxes in the order of EUR 3.1 million to EUR 4.0 million may arise. Depending on the valuations of the real estate values by the competent tax offices, the real estate transfer tax may be higher or lower than the aforementioned estimate.

**b. No Unification of Shares at the Level of Schaeffler Shareholders**

At the time of the publishing of this Merger Report, IHO Beteiligungs and IHO Verwaltungs collectively hold approximately 49.94% of the shares in Vitesco Technologies. Schaeffler has also acquired approximately 38.87% of the shares in Vitesco Technologies prior to the merger. Therefore, at least 10.1% of Vitesco Shares are owned by third parties external to this arrangement. Given this context, a consolidation of 90% or more of the shares in Vitesco Technologies should be ruled out (Section 1 para. 3 or 3a GrEStG may not apply). Furthermore, in the course of the merger and the issuance of new shares to Schaeffler, the shareholding percentage of external shareholders in Schaeffler will remain at a minimum of 10.1%.

**4. Tax Implications for the Shareholders of Vitesco Technologies**

The tax implications for the shareholders of the transferring enity in the merger of one corporation into another are primarily governed by Section 13 UmwStG or, for shareholders not significantly involved pursuant to Section 17 EStG – holding shares as private assets – from Section 20 para. 4a EStG. A significant involvement, as defined in Section 17 EStG, pertains to shares held in private assets and the shareholder has directly or indirectly held at least 1% of the company's capital within the last five years.

The tax implications for shareholders residing abroad or when shares are allocated to foreign business assets may differ.

**a. Shares Held by a Corporate Body (*Körperschaft*)**

If the shareholder is a corporate body (*Körperschaft*), the shareholding in Vitesco Technologies is deemed to be sold at the fair market value (Section 13 para. 1 UmwStG) and is accounted for as purchased at this value with the acquiring corporate body (*Körperschaft*). This may result in a taxable gain or loss. The general principles for the determination of income apply. Section 8b para. 2, 3 KStG fundamentally applies to the gain or loss. For certain corporations such as particularly credit institutions, securities companies, financial services institutions, life and health insurance companies and pension funds, different tax requirements or legal implications may apply (see especially Section 8b para. 7, 8 KStG).

Upon request of the respective shareholder, the shares in the acquiring corporation are to be generally valued at the book value of the shares in the transferring corporation in accordance with Section 13 para. 2 UmwStG, provided that the right of taxation of Germany regarding the taxation of the gains resulting from the sale of shares in the acquiring company is not suspended or limited. If this option is exercised, the shares in the acquiring corporation substitute the shares in the transferring corporation. This option (*Antragswahlrecht*) is exercised independently by each shareholder, whereby the application must be uniformly made for all shares of a shareholder.

The same generally applies to partnerships that have opted for paying corporate income tax (*Körperschaftssteuer*) pursuant to Section 1a KStG or for corporations that are indirectly involved in Vitesco Technologies through a partnership.

A gain or loss resulting from an additional cash payment pursuant to Sections 72a, 72b UmwG from a peaked sale (*Spitzenverwertung*) of the granted shares of Schaeffler should be subject to the respective tax regulations for the sale of shares in a corporation (Section 8b para. 2, 3, or Sections 7, 8 KStG).

Regarding the shares held by Schaeffler, Section 13 UmwStG does not apply since these are extinguished in the course of the Merger (refer also to the preceding elaborations under G.III. 2).

### b. Shares Held as Private Assets for Holdings of Less than 1%

Shareholders of Vitesco Technologies, who hold Vitesco Shares as private assets and who do not have a significant stake as defined by Section 17 EStG, will find that the shares received in Schaeffler will, for tax purposes, replace the Vitesco Shares pursuant to Section 20 para. 4a EStG, provided that the right of taxation of Germany regarding the taxation of the gains resulting from the sale of the shares in Schaeffler is not suspended or limited. Therefore, the acquisition costs of the shares in Schaeffler will be determined according to the acquisition costs of the Vitesco Shares. In this respect, no capital gains tax is incurred. An application is not required.

A gain or loss resulting from a peaked sale (*Spitzenverwertung*) of the granted shares in Schaeffler should be subject to the respective tax regulations for the disposal of shares in a corporation (Sections 32d para. 1, 20 para. 2 no. 1 EStG). A gain resulting from an additional cash payment pursuant to Sections 72a, 72b UmwG for the issue of Vitesco Shares should, on the other hand, be subject to capital gains tax deduction in accordance with the principles for profit distributions (Section 20 para. 4a sentence 2 in connection with para. 1 no. 1 EStG). Losses can only offset gains within income from capital assets (Section 20 para. 6 EStG).

### c. Shares Held as Private Assets for Participations of at least 1% or Shares Held as Taxable Business Assets by Natural Persons

For shareholders of Vitesco Technologies who hold Vitesco Shares as private assets and have a substantial interest as defined by Section 17 EStG, this substantial interest is deemed to be sold at the fair market value due to the merger; the shares in Schaeffler that replace them are deemed to have been acquired at this value (Section 13 para. 1 UmwStG). A potential capital gain is exempt from tax by 40% according to Section 3 no. 40 lit. c EStG in conjunction with Section 3c para. 2 EStG, whereas a loss of this magnitude is not deductible for tax purposes.

The same tax implications apply to natural persons who hold Vitesco Shares as business assets for tax purposes. If shares are held as business assets for tax purposes, a capital gain is also generally subject to trade tax (*Gewerbesteuer*).

Upon application by the respective shareholder, the shares in the acquiring corporation are to be valued at the book value or the acquisition costs of the shares in the transferring corporation according to Section 13 para. 2 UmwStG, provided that the right of taxation of Germany regarding the taxation of the gains resulting from the sale of shares in the acquiring company is not suspended or limited. If this option is exercised, the shares in the acquiring corporation replace the shares in the transferring corporation. For shareholders with unlimited tax liability in Germany, the conditions are regularly met. The option to apply is exercised independently by each shareholder, and the application must be made uniformly for all shares of a shareholder. The opportunity to apply for the continuation of the book values or the acquisition costs is only available insofar as the shareholder is granted new shares in Schaeffler. Any gain or loss resulting from an additional cash payment pursuant to Section 72a, 72b UmwG from a peaked sale (*Spitzenverwertung*) of the granted shares of Schaeffler should be subject to the respective tax regulations on the sale of shares in a corporation (40% tax exemption, Section 17 in conjunction with Section 3 no. 40 lit. c in conjunction with Section 3c para. 2 EStG).

**5. Tax Implications for the Shareholders of Schaeffler**

For shareholders solely invested in Schaeffler at the time of the merger, the merger generally has no tax implications. They remain invested in Schaeffler with the same number of shares. Accordingly, the merger is neutral from an income tax perspective. The ongoing taxation of shareholders of Schaeffler after the merger is governed by general tax rules. In this respect, the same tax regulations apply to both the existing shareholders of Schaeffler and the former shareholders of Vitesco Technologies regarding distributions or gains from the sale of shares in Schaeffler as before the merger.

## H. DESCRIPTION OF THE MERGER AGREEMENT

### I. Transfer of Assets, Merger Date (Section 1)

Section 1 of the Merger Agreement provides that Vitesco Technologies shall transfer its assets as a whole with all rights and obligations by way of dissolution without liquidation pursuant to Sections 2 no. 1, 4 *et seq.*, 60 *et seq.* UmwG, *i.e.*, through merger by acquisition, to Schaeffler in return for the granting of shares in Schaeffler to the shareholders of Vitesco Technologies not parties to the Merger Agreement. By way of universal succession (*Gesamtrechtsnachfolge*), all rights and obligations of Vitesco Technologies will therefore in principle be transferred to Schaeffler upon the effectiveness of the merger.

Pursuant to Section 1.3 of the Merger Agreement, subject to the provision in Section 7.1 of the Merger Agreement, the merger shall become effective internally between the Parties as of January 1, 2024, 00:00 hours (the "**Merger Date**"). All actions and transactions of Vitesco Technologies shall therefore be deemed as having been carried out for the account of Schaeffler from the Merger Date. The provision is related to Section 1.2 of the Merger Agreement, according to which the merger shall be based on the audited balance sheet of Vitesco Technologies as of December 31, 2023 as the closing balance sheet. From this provision results that – again, subject to the provision made in Section 7.1 of the Merger Agreement – December 31, 2023 is also the transfer date for tax purposes (see also the information under Section G.III regarding the tax effects).

Pursuant to Section 1.4 of the Merger Agreement, Schaeffler will continue the values of the transferred assets and liabilities recognized in the closing balance sheet of Vitesco Technologies in its annual financial statements (*Buchwertfortführung*). Both Parties will carry out the necessary actions in coordination with each other.

### II. Consideration, Capital Increase (Section 2)

Section 2 of the Merger Agreement provides that Schaeffler will grant the Vitesco Shareholders who are not parties to the Merger Agreement 57 voting common shares in Schaeffler for every five Vitesco Shares (i.e. for every one Vitesco Technologies Share there are 11.4 voting common shares of Schaeffler) as consideration for the transfer of Vitesco Technologies' assets upon the effectiveness of the merger. Irrespective of the date on which the merger becomes effective, the consideration will be granted exclusively in the form of newly created voting common shares in Schaeffler as part of a capital increase. The shares in Schaeffler will be granted free of charge to the Vitesco Shareholders. Section 2.1 of the Merger Agreement also contains the clarification that no consideration other than shares in Schaeffler will be granted unless an additional cash payment is to legally mandatory pursuant to Sections 72a, 72b UmwG.

With regard to Vitesco Shares held by or for the account of Schaeffler, it is noted that Schaeffler will not be granted any consideration pursuant to Section 68 para. 1 sentence 1 no. 1 UmwG and that the share capital will not be increased in that respect.

For the purpose of implementing the merger, Section 2.3 of the Merger Agreement provides that Schaeffler will increase its share capital from currently EUR 666,000,000.00 by EUR 278,884,641.00 to EUR 944,884,641.00 by issuing 278,884,641 new voting common shares with a nominal value of EUR 1.00 each. This corresponds to an increase in the share capital by approximately 41.87%. If the value of the transferred assets exceeds the pro rata amount of the share capital attributable to the newly created shares, the difference will be allocated to the capital reserve pursuant to Section 272 para. 2 no. 4 HGB (Section 2.6). The capital increase shall be resolved at the general meeting of Schaeffler, which will also resolve on the approval of the Merger Agreement.

The merger may only be registered after the implementation of the capital increase has been registered in the commercial register of Schaeffler (Section 66 UmwG).

Pursuant to Section 2.4 of the Merger Agreement, the shares granted by Schaeffler to the Vitesco Shareholders as consideration carry full dividend rights from January 1, 2024, subject to the provision in Section 7.2 of the Merger Agreement.

The determination of the exchange ratio is based on company valuations carried out for both companies using the same method and on the basis of established principles recognized in case law and for the determination of which Schaeffler and Vitesco Technologies jointly made use of the expert support of the valuation expert. The valuation also takes into account that voting common shares of Schaeffler are granted exclusively as consideration and independently of the Change of Classes of Shares taking effect. The details are set out in Section J (Explanation and Justification of the Exchange Ratio) of this Merger Report and in the Valuation Report of ValueTrust, which is attached to this report as **Annex 2**. The record date for the valuations of Schaeffler and Vitesco Technologies for the purpose of determining the exchange ratio is April 24, 2024, pursuant to Section 2.5 of the Merger Agreement.

As consideration for the transfer of Vitesco Technologies' assets, the Vitesco Shareholders will be granted whole shares in Schaeffler to the extent possible observing the exchange ratio pursuant to Section 2.7 of the Merger Agreement. Insofar as only fractional shares remain with individual shareholders due to the exchange ratio, these fractional shares will be combined in accordance with

Sections 72 para. 2 UmwG, 226 para. 3 AktG, and sold by the Escrow Agent at the stock exchange price after the admission of Schaeffler's voting common shares to trading on the Frankfurt Stock Exchange. This is a customary regulation regarding the utilization of fractional shares. The proceeds are paid out to the holders of the fractional shares in proportion to the fractional shares attributable to them. Any taxes on these are withheld in accordance with the applicable statutory regulations and the credited proceeds reduced accordingly. A tax certificate will be issued to the shareholder by their custodian bank for any domestic tax withheld and paid.

To avoid or reduce costs and fees for the relevant Vitesco Shareholders, Schaeffler will grant domestic intermediaries a customary custodian bank commission to cover their administrative expenses. The exact amount of the custodian bank commission will be determined by Schaeffler shortly before the merger takes effect on the basis of the market circumstances at that time. However, any additional costs and expenses charged by custodian banks or foreign securities service providers, as well as any expenses incurred outside the Federal Republic of Germany, shall be borne by the respective shareholders themselves.

Pursuant to Section 2.8 of the Merger Agreement, Schaeffler will apply for the admission of all voting common shares of Schaeffler and thus also of the shares granted as consideration to the regulated market (*Prime Standard*) of the Frankfurt Stock Exchange. Admission of the voting common shares of Schaeffler shall be effected at the same time as the merger, if possible. A settlement offer pursuant to Section 29 UmwG is therefore not required, as Vitesco Technologies as a listed stock corporation will be merged into Schaeffler, also a listed stock corporation.

Both the Vitesco Shareholders – as shareholders of the transferring entity – and the Schaeffler Shareholders – as shareholders of the acquiring entity – have the option under Section 15 UmwG to have the appropriateness of the exchange ratio reviewed by a court in appraisal proceedings.

In the event that a court of law determines, or Schaeffler recognizes by way of a judicial or extrajudicial settlement or in any other way, that the exchange ratio is not appropriate or that the participation in Schaeffler is not an appropriate equivalent value for the share or the participation in Vitesco Technologies, the legal entities involved in the merger, *i.e.*, Schaeffler and Vitesco Technologies, have agreed in Section 2.9 of the Merger Agreement that instead of an additional cash payment (Section 15 UmwG), additional shares in Schaeffler will be granted in accordance with the more detailed provisions of Sections 72a, 72b UmwG. If Schaeffler grants additional shares in Schaeffler to a Vitesco Shareholder in order to compensate for an inappropriate determination of the exchange ratio, Schaeffler undertakes in

Section 2.9 of the Merger Agreement to equally compensate all other Vitesco Shareholders entitled to consideration shares by granting them additional shares accordingly.

## III. Escrow Agent (Section 3)

Pursuant to Section 3 of the Merger Agreement, BNP Paribas S.A. (the "**Escrow Agent**") will act as escrow agent pursuant to Section 71 UmwG for the receipt of the common voting shares of Schaeffler granted to the Vitesco Shareholders. Schaeffler shall deliver the global certificate representing the newly created shares of Schaeffler granted to the Vitesco Shareholders to the Escrow Agent prior to the registration of the merger in the commercial register responsible for Vitesco Technologies and Vitesco Technologies shall instruct the Escrow Agent to grant the Vitesco Shareholders entitled to exchange their shares the pro rata indirect co-ownership of the global share certificate deposited with the Escrow Agent after the registration of the merger in the commercial register responsible for Schaeffler and/or to release the proceeds obtained as result of the utilization of fractional shares pursuant to Section 2.7 in return for the transfer of their Vitesco Shares.

## IV. Special Rights and Advantages (Section 4)

Section 4.1 of the Merger Agreement documents that no special rights within the meaning of Section 5 para. 1 no. 7 UmwG are granted to individual shareholders or holders of special rights. No measures within the meaning of the aforementioned provision are intended for these persons.

Equally, subject to the provisions expressly mentioned in Section 4.4 of the Merger Agreement, no special benefits within the meaning of Section 5 para. 1 no. 8 UmwG will be granted to members of a representative body or a supervisory body of the legal entities involved in the merger, managing partners, partners, auditors or the merger auditor. When the merger becomes effective and Vitesco Technologies ceases to exist as an independent legal entity (Section 20 para. 1 no. 2 sentence 1 UmwG), the position of Vitesco Technologies' supervisory board and the mandates of the supervisory board members will end. The remuneration claims of the Vitesco Technologies supervisory board members for the financial year in which the merger becomes effective in accordance with Section 15 of Vitesco Technologies' articles of association (in the version applicable at the time the merger becomes effective) shall become due at the end of December 31 of this year and shall be fulfilled by Schaeffler. No compensation will be paid to the previous members of the supervisory board of Vitesco Technologies.

In addition, the offices of Vitesco Technologies' executive board members shall end with the effectiveness of the merger.

The provisions expressly mentioned in Section 4.4 of the Merger Agreement are:

- Notwithstanding the responsibilities of the Schaeffler supervisory board under company law, the former member of the Vitesco Technologies' executive board, Thomas Stierle, shall be appointed as a member of the Schaeffler executive board when the merger becomes effective.

- In consultation with the Schaeffler supervisory board and subject to the approval of the general meeting, the remuneration of the executive board members of the Combined Group will in future be determined in accordance with the remuneration system adjusted in accordance with Annex 4.4 of the Merger Agreement. This remuneration system shall be developed on the basis of the current remuneration systems for the Schaeffler executive board and Vitesco Technologies' executive board. In accordance with Section 87 para. 1 AktG, the remuneration system should be appropriate in terms of amount and structure and geared towards sustainable and long-term development and take into account the recommendations of the German Corporate Governance Code ("GCGC") in its current version dated April 28, 2022. The remuneration system shall be compared with an industry-specific international peer group and the MDAX with regard to the appropriateness and market conformity of the remuneration amount and structure. With regard to the percentage of the total remuneration, the DAX40 will also be used in the peer group. In addition, the remuneration amount and structure shall be compared with the selected peer groups, differentiated according to the roles on the executive board. Subject to approval by the general meeting of Schaeffler, the remuneration system is to apply retroactively from January 1, 2024 for executive board members already appointed and for all executive board members whose employment contracts are newly concluded or extended. In view of the intended business combination, individual adjustments to the remuneration system are to apply with effect from January 1, 2025. In the event that the merger of Schaeffler with Vitesco Technologies is completed before the end of 2024, former members of the executive board of Vitesco Technologies who are appointed as members of the executive board of Schaeffler in the course of 2024 may only be granted fixed remuneration including fringe benefits and a company pension as well as fixed variable remuneration for the remainder of 2024, subject to the relative proportions set out in the remuneration system. From January 1, 2025, the former members of the executive board of Vitesco Technologies who are appointed as members of the executive board of Schaeffler will be remunerated in accordance with the general provisions of the remuneration system.

- Pursuant to Section 4.4 of the Merger Agreement, Vitesco Technologies intends to enter into binding agreements with all members of Vitesco Technologies' executive board on the full settlement of the variable executive board remuneration before the effectiveness of the merger. In particular, the long-term incentives from previous years that have not yet been paid out are to be settled early at the time the merger takes effect. Details can be found in the new remuneration system for the members of the executive board, which is to be submitted to the 2024 annual general meeting of Vitesco Technologies for approval and published with the invitation to the 2024 annual general meeting of Vitesco Technologies.

## V. Consequences of the Merger for Employees and their Representative Bodies (Section 5)

Section 5 of the Merger Agreement details the individual and collective employment law consequences of the merger for the employees and their representatives as well as the intended measures in this regard. The explanation of these consequences in the Merger Agreement is based on the legal provision of Section 5 para. 1 no. 9 UmwG. It extends in particular to the determination that Vitesco Technologies as the transferring entity does not currently employ any employees. In this respect, it is further stated that in the event that employment relationships should exist at Vitesco Technologies as the transferring entity at the time the merger takes effect, these will be transferred to Schaeffler, the contractual terms and conditions of employment will remain unchanged and all rights and obligations based on earned seniority will continue to exist in relation to Schaeffler.

Section 5.3 of the Merger Agreement points out that the employees of Vitesco Technologies as the transferring entity joining as part of the merger are not entitled to benefits with regard to the employer-financed company pension scheme in accordance with the group works agreement "KBV Schaeffler Pension Plan".

Furthermore, it is determined that the merger does not affect the employment relationships of Schaeffler's employees (Section 5.6 of the Merger Agreement).

Pursuant to Section 5.7 of the Merger Agreement, the merger will not result in any changes to any operational structures and organizations of the businesses of Vitesco Technologies as transferring entity and Schaeffler. The identity of operations of Vitesco Technologies as transferring entity and the companies belonging to the Vitesco Group and of Schaeffler and the companies belonging to the Schaeffler Group will not be affected by the merger itself and the merger will not result in a change in operations pursuant to Section 111 German Works Constitution Act (*Betriebsverfassungsgesetz*, "**BetrVG**").

Section 5.8 of the Merger Agreement details the consequences of the effectiveness of the merger for the employee representative bodies at Schaeffler and Vitesco Technologies. Accordingly, the group works council, the group representative committee, the European works council (subject to a transitional mandate pursuant to Section 37 para. 3 EBRG (*Gesetz über Europäische Betriebsräte*)), the group youth and trainee representation and the group representation for severely disabled employees established at Vitesco Technologies as the transferring entity will cease to exist. The group works council established at Schaeffler and the group representative body for severely disabled employees at Schaeffler will continue to exist and will also be responsible for the employees of Vitesco Technologies as transferring entity and the companies belonging to the Vitesco Group from the time the merger becomes effective. The company spokespersons' committee at Schaeffler shall also continue to exist after the merger becomes effective and shall also be responsible for any senior executives transferred from Vitesco Technologies to Schaeffler from this point in time. The composition of the group works council of the Schaeffler Group will be supplemented by representatives of the existing central works councils of the companies belonging to the Vitesco Group in accordance with the existing group works agreement of the Schaeffler Group. Otherwise, the other works councils, spokespersons' committees, representative body for severely disabled employees and youth and trainee representatives remain unaffected by the merger.

Section 5.9 of the Merger Agreement describes the consequences of the merger under co-determination law, in particular the continuation of the Schaeffler supervisory board with equal representation of shareholders and employees, the expiration of the supervisory board of Vitesco Technologies as transferring entity and the termination of the mandates of the members of the supervisory board of Vitesco Technologies (including employee representatives). The supervisory board of Schaeffler will remain unchanged even after the effectiveness of the merger. Section 5.9 of the Merger Agreement points out that the employees employed by companies belonging to the group of Vitesco Technologies as the transferring entity until the merger takes effect are entitled to vote actively and passively in the next elections to the supervisory board of Schaeffler after the merger takes effect in accordance with the applicable provisions.

Sections 5.10 and 5.11 of the Merger Agreement refer to the transfer of collective bargaining agreements pursuant to Section 613a para. 1 sentence 2 BGB. Thus, from the effectiveness of the merger, the collective bargaining agreements of the metal and electrical industry applicable at Schaeffler shall apply to transferring employees, provided that the respective employee is bound by the collective bargaining agreement, as well as the spokespersons' committee or works agreements applicable at Schaeffler (including general and group works agreements and company spokespersons' committee agreements), in each case to the extent that the respective employee is covered by the scope of the respective collective bargaining agreement or the respective agreement. The collective bargaining agreements, works agreements (including general and group works agreements) and spokespersons' committee agreements (including company and group spokespersons' committee agreements) applicable at the other companies belonging to the Vitesco Group when the merger becomes effective shall generally continue to apply unchanged after the merger becomes effective, unless the works agreements are replaced by group or general works agreements of Schaeffler on the same subject matter or the spokespersons' committee agreements are replaced legally valid by company spokespersons' committee agreements of Schaeffler relating to the same subject matter.

Section 5.12 of the Merger Agreement states that the parties intend to merge the Schaeffler Group and the Vitesco Group organizationally after the merger has been completed. In this regard, it is explained that even if the merger has no direct legal effects on the employment relationships of employees who are employed by subsidiaries of Vitesco Technologies, it cannot be ruled out that there may be subsequent effects on the employees of subsidiaries of Vitesco Technologies. The parties intend to create a Motion Technology Company by way of the business combination with four focussed divisions (E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions and Bearings & Industrial Solutions). It is explained that currently a decision is being made on the appointment of the first management level below the executive board of Schaeffler by way of a selection process. According to Section 5.12 of the Merger Agreement, the parties have not yet determined a further concrete organizational structure of the business combination. However, the Parties agree that a committed and motivated workforce and the corporate culture they embody are the basis for the current success of both companies and the future success of the Combined Group. The parties aim to maintain the existing excellent employee base and corporate culture. Section 5.12 of the Merger Agreement further indicates that the parties agree that the transfer of the pension schemes for employees of Vitesco Technologies' subsidiaries, in the case of German employees, will take place in compliance with the applicable requirements in accordance with the case law of the Federal Labor Court (*Bundesarbeitsgericht*) and, in other respects, will be essentially of equal value, *i.e.*, without substantial losses for the employees.

## VI. Rights of Withdrawal (Section 6)

In the event that the merger has not become effective by December 31, 2025, Section 6 of the Merger Agreement contains the right of each party to withdraw from the Merger Agreement with immediate effect with the standardized legal consequences of Sections 346 et seq. BGB with immediate effect. Withdrawal must be declared to the other party by registered letter with acknowledgement of receipt and should be communicated in writing to the notary notarizing the Merger Agreement and the register courts involved.

## VII. Change of Merger Date (Section 7)

The provisions in Section 7 of the merger agreement make precautionary provisions in the event that the entry of the merger in the commercial register responsible for Schaeffler is delayed. The Merger Date and the dividend rights from the Schaeffler Shares issued to Vitesco Shareholders entitled to the exchange as part of the merger shall then be adjusted. This regulation is standard practice.

If the merger has not been registered in the commercial register of Schaeffler by the end of February 28, 2025, the Merger Date shall be postponed to the beginning of January 1, 2025 (*i.e.*, 00:00 hours), in deviation from Section 1.3 of the Merger Agreement. Accordingly, in this case, in deviation from Section 1.3 of the Merger Agreement, the balance sheet of Vitesco Technologies as of December 31, 2024, which was issued with an unqualified audit opinion by the auditor appointed by the Vitesco Technologies' general meeting, shall be used as the closing balance sheet. Furthermore, if the Merger Date of the merger is further delayed beyond February 28, 2025, the reference dates will be postponed accordingly by a further year in each case.

Finally, in the event that the merger only becomes effective after Schaeffler's annual general meeting in 2025, which resolves on the utilization of the retained profits for the 2024 financial year, Section 7.2 of the Merger Agreement provides that, contrary to Section 2.4 of the Merger Agreement, the Schaeffler Shares granted as consideration will only carry dividend rights from the financial year starting January 1, 2025. Furthermore, in the event of a further delay in the registration to the following annual general meeting of Schaeffler, which resolves on the utilization of the retained profits for the 2025 financial year, the dividend rights will be postponed by another year. The provisions in Section 7.2 of the Merger Agreement exclude retroactive dividend rights for a period for which a dividend distribution has already been made. Section 7.2 of the Merger Agreement also indicates that the exchange ratio remains unaffected by any shift in profit entitlement.

## VIII. Conditions Precedent, Effectiveness (Section 8)

In accordance with Sections 13 para. 1 and 65 para. 1 UmwG, the Merger Agreement generally requires the approval of the general meetings of Schaeffler and Vitesco Technologies, each with a majority of three quarters of the share capital represented at the respective resolution. Section 8.1 of the Merger Agreement reflects this legal provision.

Section 8.2 of the Merger Agreement points out that the merger becomes effective in accordance with the legal provisions with registration in the commercial register at the registered office of Schaeffler.

## IX. Branch Offices, Procuration / Powers of Attorney (Section 9)

Section 9.1 states that Vitesco Technologies does not have any branch offices. Section 9.2 of the Merger Agreement also clarifies that the procuration and powers of attorney at Vitesco Technologies expire with the effectiveness of the merger.

## X. Final Provisions (Section 10)

Section 10.1 of the Merger Agreement contains a provision according to which the costs arising from the notarization and the execution of the Merger Agreement shall be borne by Schaeffler. Excluded from this obligation to bear costs are the costs of the general meeting of Vitesco Technologies, which decides on the merger. Otherwise, each Party shall bear its own costs, even in the event that one Party withdraws from the agreement or the merger does not become effective for any other reason.

Furthermore, Section 10.2 of the Merger Agreement contains a general obligation of the parties to make all declarations, issue all documents and take all other actions that may still be necessary or expedient in connection with the transfer of the assets of Vitesco Technologies at the time the merger with Schaeffler takes effect or the correction of public registers or other lists. At the same time, Vitesco Technologies authorizes Schaeffler to make corresponding declarations from the beginning of the day on which the merger is entered in the commercial register responsible for Vitesco Technologies - even after the merger has taken effect.

Finally, the Merger Agreement contains a so-called severability clause in Section 10.3. This provides that the complete or partial invalidity or voidness of a legal provision does not affect the validity of the remaining provisions of the agreement. In place of the void, ineffective or unenforceable provisions or to fill a gap, the parties undertake to agree an appropriate replacement provision that comes as close as possible to the content of the void, ineffective or unenforceable provisions. The same applies to possible contractual gaps.

## I. EFFECTS OF THE MERGER ON SECURITIES AND STOCK EXCHANGE TRADING

### I. Effects of the Merger on Shares of Vitesco Technologies

#### 1. Expiration of the Vitesco Shares / Exchange for Shares in Schaeffler

Upon the effectiveness of the merger, Vitesco Technologies will cease to exist as an independent legal entity. The participation rights from the Vitesco Shares also expire when the merger becomes effective. From the effectiveness of the merger, the share certificates issued by Vitesco Technologies therefore no longer securitize participation rights in Vitesco Technologies, but instead the right to exchange the Vitesco Shares for Schaeffler Shares. The Vitesco Shareholders entitled to the exchange will only be granted the shares created by Schaeffler as part of the capital increase carried out by Schaeffler to effect the merger.

#### 2. Implementation of the Share Exchange

Vitesco Technologies, pursuant to Section 71 para. 1 UmwG, has appointed BNP Paribas S.A. as Escrow Agent for the receipt of the shares of Schaeffler granted to the Vitesco Shareholders (see Section 3.1 of the Merger Agreement). Schaeffler shall deliver to the Escrow Agent the global share certificate representing the shares granted to the Vitesco Shareholders entitled to the exchange as consideration prior to the registration of the merger in the commercial register at the registered office of Vitesco Technologies. Vitesco Technologies shall instruct the Escrow Agent to grant the Vitesco Shareholders entitled to the exchange indirect co-ownership of the deposited global share certificate and/or to surrender the proceeds received pursuant to Section 2.7 of the Merger Agreement concurrently with the transfer of their Vitesco Shares after the merger has been entered in the commercial register at the registered office of Schaeffler. This does not require the involvement of the Vitesco Shareholders.

The shares of Schaeffler intended for exchange will be issued exclusively by way of collective safe custody. They will be securitized in a global certificate, which will be deposited with Clearstream Banking AG, Frankfurt am Main, and in which the Vitesco Shareholders entitled to exchange will acquire co-ownership shares through collective securities account credit, which will be arranged for them via their respective custodian banks. The right to individual securitization of the shares of Schaeffler is excluded.

In accordance with the exchange ratio of 5:57 provided in the Merger Agreement, the Escrow Agent receives 57 shares in Schaeffler for five Vitesco Shares to be exchanged.

Based on the exchange ratio of 5:57 (i.e., 57 voting common shares in Schaeffler for five Vitesco Shares), Vitesco Shareholders will receive 11.4 voting common shares in Schaeffler for one Vitesco Shares. Vitesco Shareholders will be granted whole shares in Schaeffler, to the extent possible considering the exchange ratio. Remaining fractional shares will be combined and sold in accordance with Sections 72 para. 1 UmwG, 226 para. 3 AktG. The proceeds will be credited to the holders of the fractional shares, subject to the deduction of taxes and any costs and fees by the intermediaries, in proportion to the fractional rights attributable to them. This does not require the cooperation of the Vitesco Shareholders. In order to avoid or reduce costs and fees for the affected Vitesco Shareholders, Schaeffler will grant domestic intermediaries a standard market custodian bank commission.

The exchange of Vitesco Shares for shares in Schaeffler is free of charge for Vitesco Shareholders entitled to the exchange. This means that Schaeffler will not demand any additional payments or fees for the issuance of Schaeffler Shares as consideration.

## II. Effects of the Merger on the Shares of Schaeffler

After the capital increase, in addition to the existing Schaeffler Shareholders, the existing Vitesco Shareholders will also become voting shareholders of Schaeffler with the same rights as the existing Schaeffler Voting Common Shareholders.

It is intended that the share capital of the Combined Group will already consist exclusively of voting common shares at the time the merger becomes effective, if possible; consisting of (i) the Schaeffler Voting Common Shares already existing prior to the Change of Classes of Shares, (ii) the voting common shares of Schaeffler created by the Change of Classes of Shares, as well as (iii) the voting common shares created in the course of the capital increase in connection with the merger, which are granted to the Vitesco Shareholders as consideration for the transfer of Vitesco Technologies' assets. The share certificates of the existing Schaeffler Voting Common Shares and the voting common shares of Schaeffler created by the resolution on the Change of Classes of Shares and capital increase shall be held in custody by Clearstream Banking AG.

If the resolution on the Change of Classes of Shares cannot be entered in the responsible commercial register at the same time as the resolution on the merger, the share capital of the Combined Group will continue to consist of voting common shares and non-voting common shares at the time the merger becomes effective. The capital increase in the context of the merger will, however, still be carried out by exclusively issuing new voting common shares.

## III. Effects of the Merger on the Stock Exchange Trading of the Shares

### 1. Current Status

Schaeffler's share capital is divided into 500,000,000 Schaeffler Voting Common Shares, which are currently not listed on the stock exchange, and 166,000,000 Schaeffler Non-voting Common Shares, which are currently admitted to trading on the regulated market (*Regulierter Markt*) (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Schaeffler Non-voting Common Shares can be traded in the electronic trading system (Xetra) of the Frankfurt Stock Exchange. In addition, the Schaeffler Non-voting Common Shares are traded over the counter (*Freiverkehr*) of all other German stock exchanges and some other European stock exchanges.

The Vitesco Shares are admitted to trading on the regulated market (*Regulierter Markt*) (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). In addition, Vitesco Shares can be traded over the counter (*Freiverkehr*) on the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart, London and Vienna, as well as on the electronic trading platforms Gettex, Ouotrix, Tradegate, LS Exchange and FINRA other ITC Issues. Vitesco Shares are also currently traded in the United States in the form of a Sponsored American Depositary Receipt program on the OTC market (ISIN: US92853L1089). Five American Depository Receipts correspond to one Vitesco Share. There is no admission to a stock exchange in the United States.

### 2. Effects of the Merger

#### a. Shares of Vitesco Technologies

As a result of the expiration of Vitesco Technologies as a legal entity, all listings of Vitesco Shares are expected to be discontinued at the end of the day on which the merger becomes effective. Any stock exchange trading of Vitesco Shares that may still take place until the suspension of stock exchange trading after the merger becomes effective will only be trading with claims for exchange into shares of Schaeffler.

Further details regarding the date of the suspension of stock exchange trading and the settlement will be communicated immediately after registration of the merger in the commercial register at the registered office of Schaeffler by means of a separate public announcement (available on the Internet at www.bundesanzeiger.de, among other places).

**b. Shares of Schaeffler**

It is intended that Schaeffler's share capital will consist exclusively of voting common shares at the time the merger becomes effective.

In the event that the resolution on the Change of Classes of Shares can be entered in the commercial register of Schaeffler as planned concurrently with the merger, Schaeffler will apply for admission to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in due time for all voting common shares of Schaeffler, *i.e.*, for (i) the already existing Schaeffler Voting Common Shares, (ii) the 166,000,000 voting common shares created by the Change of Classes of Shares, as well as (iii) the voting common shares granted to the Vitesco Shareholders as consideration. The shares of Schaeffler created in the course of the capital increase are fully fungible with the outstanding Schaeffler Voting Common Shares.

If the resolution on the Change of Classes of Shares cannot be entered in the relevant commercial register concurrently with the resolution on the merger, admission to the regulated market (Prime Standard) of the Frankfurt Stock Exchange shall initially only take place for (i) the Schaeffler Voting Common Shares and (ii) the voting common shares of Schaeffler granted to the Vitesco Shareholders as consideration. In this case, the Schaeffler Non-voting Common Shares will initially continue to be tradable under the German securities identification number (WKN) SHA015 and the international securities identification number (ISIN) DE000SHA0159 on the regulated market (Prime Standard) of the Frankfurt Stock Exchange and will only be admitted as voting common shares after the Change of Classes of Shares has become effective.

The common voting shares of Schaeffler to be granted to the Vitesco Shareholders as consideration should therefore be listed for stock exchange trading in a timely manner in any case. In this respect, it should be enabled that the former Vitesco Shareholders can trade the shares on the stock exchange as seamlessly as possible.

.

## J. EXPLANATION AND RATIONALE FOR THE EXCHANGE RATIO

### I. Preliminary Note

The determination of the appropriate exchange ratio is based – as is customary in practice – on company valuations, which were carried out for both companies using the same method and based on valuation principles that are considered established in theory and practice for company valuation and that are reflected in literature, in pronouncements of the Institute of Public Auditors (*Institut für Wirtschaftsprüfer*), especially in IDW S 1, and in the recommendations of the German Association for Financial Analysis and Asset Management (*DVFA*) and are also generally recognized by German courts for valuations in the context of corporate and conversion law structural measures.

The executive boards of Schaeffler and Vitesco Technologies have jointly used the expert support of the valuation expert ValueTrust for determining an appropriate exchange ratio.

There were no particular difficulties in the valuation of Schaeffler and Vitesco Technologies within the meaning of Section 8 para. 1 sentence 3 UmwG.

The following statements provide an overview of the procedure with regard to the derivation and determination of the exchange ratio. Further details are presented in the Valuation Report of ValueTrust, which is attached to this Merger Report as **Annex 2**. The executive boards of Schaeffler and Vitesco Technologies fully adopt the content of the Valuation Report on the determination of the exchange ratio and make it an integral part of this Merger Report.

The Merger Agreement, in particular the exchange ratio provided therein, as well as this report were submitted to the Merger Auditor. Pursuant to Section 12 para. 1, 2 UmwG, the Merger Auditor shall report in writing on the result of his examination. This report will be made available to the general meetings of Schaeffler and Vitesco Technologies, which are to pass the merger resolutions.

### II. Valuation Principles and Valuation Method

For the determination of the exchange ratio, the company values of Schaeffler and Vitesco Technologies were determined separately as of April 24, 2024 (the "**Valuation Date**") in accordance with the requirements of IDW S 1 and taking into account the DVFA recommendations. The principles of the objectified company value in accordance with IDW S 1 and the relevant legislation of German courts were followed to determine the value ratios. Additionally, a stock price ratio was determined, taking into account the purchases of Vitesco Shares by Schaeffler during the period leading up to the signing of the Merger Agreement. This ratio was also considered in determining the value ratios.

The enterprise value is determined by the purposeful interaction of all tangible and intangible assets present in the company and is calculated on the valuation date in relation to the event and time. The valuation therefore only takes into account the level of information that could have been obtained with reasonable care on the valuation date. In addition, in accordance with the so-called root cause theory, only those factors were taken into account that had already been initiated or sufficiently substantiated by the valuation date.

In general, a distinction is made in company valuation between overall valuation methods (*Gesamtbewertungsverfahren*) and individual valuation methods (*Einzelbewertungsverfahren*). The overall valuation methods include company valuation methods based on capital value calculations, such as the different variants of the discounted cash flow method (the "**DCF Method**") and the capitalized earnings value method (*Ertragswertmethode*) as well as the multiplier method (*Multiplikatormethode*). Individual valuation methods include, for example, the liquidation value and the net asset value.

In accordance with IDW S 1, the value of equity is determined by the so-called future earnings value (*Zukunftserfolgswert*) plus the value of any non-operating assets, assuming only financial objectives. The value is generally determined on the assumption that the company will continue as a going concern. To derive the present value of the financial surpluses, the cost of capital is used, which represents the return on an alternative investment that is adequate for the investment in the company to be valued. Accordingly, the objectified value of the company is derived solely from its earning power, i.e. its ability to generate financial surpluses for the company owners. In theory and practice, the capitalized earnings value method and variants of the DCF Method are used for this purpose. Only in the event that the present value of the financial surpluses resulting from the liquidation of the entire company (so-called liquidation value (*Liquidationswert*)) exceeds the going concern value is the liquidation value considered as the company value.

At the time the valuation report was prepared, the IDW S 1 in the version dated April 2, 2008 was being prepared by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland*). In this respect, a new version of IDW S 1 may be published in the near future, although this was not known at the time the valuation work was completed on March 11, 2024. At that time, it was also not foreseeable which substantive changes the revised version of the IDW S 1 would bring and whether or how it would have affected the valuations of Schaeffler and Vitesco Technologies.

According to the DVFA recommendations, the valuation concept of the "market-typical acquirer" (*markttypischer Unternehmenserwerber*) is to be used as a standard for determining the fundamental value to be derived. The DVFA recommendations thus focus much more strongly on the empirically observable perspective of real company acquirers. This is concretized in the principle of method diversity, i.e. that the multiples method is basically on an equal footing with the cash flow-oriented discounting methods. Value ranges and specific assumptions regarding the approach of the market-typical acquirer must be presented transparently. Personal income taxes are not included.

In the case of structural measures under corporate law involving publicly traded companies, based on supreme court decisions, the stock market price can not be disregarded. While this was initially decided in the case of the conclusion of inter-company agreements, the German Federal Constitutional Court (*Bundesverfassungsgericht*) has since clarified that the principles and requirements formulated there are to be applied accordingly to mergers.

In the context of mergers, when determining an exchange ratio, it is constitutionally required to take into account the volume-weighted three-month average share price (prior to the announcement of the measure) of the transferring company as the lower limit for the valuation of the transferring company. The only exception is if the stock market price does not correspond to the market value (*i.e.* true value) of the share due to market manipulation, insider trading or market margins. When calculating the three-month average price in accordance with German Federal Financial Supervisory Authority's (*Bundestanstalt für Finanzdienstleistungsaufsicht* - *BaFin*) procedure, only those transactions that were carried out with the shares in question on an organized market in Germany are included. However, according to court decisions, transactions that would be carried out in the over-the-counter market are generally taken into account when deriving the three-month average price.

However, from a constitutional point of view, the stock market price of the acquiring company does not need to be taken into account as an upper limit for the valuation of the acquiring company. Therefore, from the perspective of the shareholders of the transferring legal entity, the relative valuation of the companies involved in the merger based on stock market prices does not represent the minimum threshold for determining the exchange ratio for the purposes of the merger. The judiciary has rejected such a most-favored principle. This is because any improvement in the exchange ratio in favor of the shareholders of the transferring legal entity simultaneously leads to a dilution of the shares of the existing shareholders of the acquiring legal entity. It is also explicitly recognized in jurisprudence that there is no obligation to value a company based on a method that is more favorable for the shareholders of one of the companies involved in the merger, as this always implies a deterioration for the shareholders of the other company. The legislature also prescribes an exchange ratio that is appropriate in both directions in this sense.

Regardless of the constitutional requirements for the consideration of the share price of the transferring legal entity, for publicly traded companies, the stock market prices of both involved companies can also be used to determine the value ratio under certain conditions. The German Federal Court of Justice (*Bundesgerichtshof*) has explicitly confirmed the comparison of the stock market prices of both involved companies. According to this, the adoption of the market-oriented valuation method in the form of stock market prices is generally permissible and only encounters concerns where this method is unsuitable due to the circumstances of the individual case. The jurisprudence always emphasizes in this context that the German constitution (*Grundgesetz*) does not prescribe a specific method of company valuation. Thus, various methods of company valuation can be constitutionally unobjectionable without them being constitutionally mandated. Even if it may be possible, based on the particular circumstances of the individual case, to determine a settlement or a value ratio based on the stock market prices of the involved companies, this does not imply that such an approach is legally mandatory or that the market-oriented valuation is generally superior to other valuation methods.

In addition to deriving the capitalized earnings value after personal taxes in accordance with the principles of IDW S 1, the company value before personal taxes determined on the basis of the DCF method, and the determination of a stock exchange price ratio considering the purchases of Vitesco Shares by Schaeffler up to the signing of the Merger Agreement, company values were also determined using the multiplier method for plausibility checks. This method represents a comparative market valuation in which the value of the company is calculated as the product of a reference value of the company with the corresponding multiplier, which is regularly derived from an appropriate peer group. According to the principles of IDW S 1, the multiplier method can only be used as a plausibility check, but is not an equivalent method of company valuation.

According to both IDW S 1 and the DVFA recommendations, synergies must be recognized accordingly when valuing a company. According to IDW S 1, synergy effects are defined as the change in financial surpluses resulting from the economic combination of two or more companies and differing from the sum of the isolated surpluses. Furthermore, in order to determine an objectified company value in accordance with IDW S 1, a distinction must be made between so-called non-genuine and genuine synergies. Non-genuine synergies are characterized by the fact that they can also be realized without the implementation of the measure on which the valuation is based. The financial surpluses resulting from non-genuine synergies are generally to be taken into account when determining an objectified company value, but only to the extent that the synergy-generating measures have already been initiated on the valuation date, are documented in the business concept or have already been sufficiently substantiated. In contrast to this, genuine synergy effects only result from the measure on which the valuation is based and are not to be taken into account in the company valuation.

The valuation method applied and other approaches discussed in legislation and literature are also discussed in detail in the Valuation Report prepared by ValueTrust. This is attached to this Merger Report as **Annex 2**. The executive boards of Schaeffler and Vitesco Technologies also fully endorse the statements made therein.

## III. Exchange Ratio

Based on the principles set out in this Merger Report and in the Valuation Report attached as **Annex 2**, the proportional company value related to the 666,000,000 shares of Schaeffler as at the valuation date April 24, 2024 (see Section 2.5 of the Merger Agreement) according to the IDW S 1 capitalized earnings value method after personal taxes, is EUR 12.46 per Schaeffler Share. Regarding the 40,021,196 shares of Vitesco Technologies, the proportional company value related to the IDW S 1 capitalized earnings value method after personal taxes is EUR 138.67 per Vitesco Share. This results in a theoretical exchange ratio of 11.13 Schaeffler Shares for each Vitesco Share.

Based on the DCF method before personal taxes according to the DVFA-recommendations, the proportional company value as of the valuation date, April 24, 2024 (see Section 2.5 of the Merger Agreement), relative to the 666,000,000 shares of Schaeffler, is EUR 11.18 per Schaeffler Share. Regarding the 40,021,196 shares of Vitesco Technologies, the proportional company value, according to the DCF method before personal taxes according to the DVFA-recommendations, is EUR 127.76 per Vitesco Share. This results in a theoretical exchange ratio of 11.43 Schaeffler Shares per Vitesco Share.

Using the stock market prices in the form of the volume-weighted three-month average price of Vitesco Technologies and the volume-weighted three-month average price of Schaeffler prior to the announcement of the acquisition offer and the planned merger on October 9, 2023, adjusting for the 38.87% holding of Schaeffler in Vitesco

Technologies, this results in an exchange ratio of 11.54 Schaeffler Shares per Vitesco Share.

On this basis, the executive boards of Schaeffler and Vitesco have agreed on the following exchange ratio:

The Vitesco Shareholders will receive 57 (in words: fiftyseven) shares in Schaeffler for 5 (in words: five) Vitesco Shares (i.e. for every one Vitesco Technologies Share there are 11.4 voting common shares of Schaeffler).

This corresponds to an exchange ratio of 5:57 (in words: five to fiftyseven).

The appropriateness of the exchange ratio has been confirmed by the Merger Auditor. The executive boards of Schaeffler and Vitesco Technologies have also come to the joint conclusion after their own review that the exchange ratio is appropriate from the perspective of both the Schaeffler Shareholders and the Vitesco Shareholders.

Herzogenaurach, March 13, 2024

**Schaeffler AG**

| | |
|---|---|
| (*signed*) | (*signed*) |
| Klaus Rosenfeld<br>Chief Executive Officer | Claus Bauer<br>Chief Financial Officer |
| (*signed*) | (*signed*) |
| Dr. Astrid Fontaine<br>Chief Human Resources Officer | Andreas Schick<br>Chief Operating Officer |
| (*signed*) | (*signed*) |
| Jens Schüler<br>CEO Vehicle Lifetime Solutions | Dr. Stefan Spindler<br>CEO Bearings & Industrial Solutions |
| (*signed*) | (*signed*) |
| Uwe Wagner<br>Chief Technology Officer | Matthias Zink<br>CEO Automotive Technologies |

Regensburg, March 13, 2024

**Vitesco Technologies Group Aktiengesellschaft**

(*signed*)

Andreas Wolf
Chairman of the Executive Board (CEO)

(*signed*)

Sabine Nitzsche
Chief Financial Officer (CFO)

(*signed*)

Ingo Holstein
Chief Human Resources Officer (CHRO)

(*signed*)

Stephan Rölleke
Executive Board Member for Integrity and Law

(*signed*)

Klaus Hau
Member of the Executive Board, head of Powertrain Solutions division

(*signed*)

Thomas Stierle
Member of the Executive Board, head of Electrification Solutions division

## ANNEX 1: COPY OF THE MERGER AGREEMENT

*Convenience Translation*

*Please note that this translation of the German Merger Agreement is for convenience purposes only.*
*Only the German Merger Agreement is valid and legally binding.*

---

# MERGER AGREEMENT

---

between

**SCHAEFFLER AG**

with its registered seat in Herzogenaurach, Industriestraße 1-3, 91074 Herzogenaurach, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Fuerth under HRB 14738, as acquiring company

- hereinafter referred to as "**Schaeffler**" or the "**Acquiring Entity**" -

and

**VITESCO TECHNOLOGIES GROUP AKTIENGESELLSCHAFT**

with its registered seat in Regensburg, Siemensstraße 12, 93055 Regensburg, Germany, registered with the commercial register of the local court (*Amtsgericht*) of Regensburg under HRB 18842, as transferring company

- hereinafter referred to as "**Vitesco Technologies**" or the "**Transferring Entity**" -

- the Acquiring Entity and the Transferring Entity are also referred to as "**Parties**"

and each individually as a "**Party**" -

**Preliminary Remarks**

(A) Schaeffler (together with its subsidiaries and affiliates, but without Vitesco Technologies and its subsidiaries and affiliates, the "**Schaeffler Group**") is a stock corporation (*Aktiengesellschaft*) with its registered seat in Herzogenaurach and registered with the commercial register of the local court (*Amtsgericht*) of Fuerth under HRB 14738. Schaeffler's share capital amounts to EUR 666,000,000.00 and is divided into 500,000,000 voting common shares (each a "**Schaeffler Voting Common Share**" and together, including all voting common shares to be issued in the future, the "**Schaeffler Voting Common Shares**") and 166,000,000 non-voting common shares (each a "**Schaeffler Non-Voting Common Share**" and together, "**Schaeffler Non-Voting Common Shares**"). The Schaeffler Non-Voting Common Shares are admitted to trading on the regulated market (*Regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (ISIN: DE000SHA0159). Each Schaeffler Voting Common Share and Schaeffler Non-Voting Common Share has a nominal value in the share capital of EUR 1.00 (the Schaeffler Voting Common Shares and the Schaeffler Non-Voting Common Shares together each a "**Schaeffler Share**", and together, the "**Schaeffler Shares**"). At an extraordinary general meeting and a separate meeting of the non-voting common shareholders on February 2, 2024, the shareholders of Schaeffler resolved on the cancellation of the preferential right to profits of Schaeffler's Non-Voting Shares and the related conversion of Schaeffler's Non-Voting Shares into common shares with full voting rights of Schaeffler (the "**Change of Classes of Shares**") and instructed Schaeffler's executive board (*Vorstand*) not to apply for entry in the commercial register of the amendments to the articles of association resolved as part of the Change of Classes of Shares until a separate general meeting of Schaeffler has approved a merger agreement between Vitesco Technologies as the Transferring Entity and Schaeffler as the Acquiring Entity, and to condition the application for entry of the resolved amendments to the articles of association on the prior or simultaneous entry of the merger of Vitesco Technologies into Schaeffler in the commercial register of Schaeffler. The financial year of Schaeffler is the calendar year.

(B) Vitesco Technologies (together with its subsidiaries and affiliates, the "**Vitesco Technologies Group**"), is a stock corporation (*Aktiengesellschaft*) with its registered seat in Regensburg and registered with the commercial register of the local court (*Amtsgericht*) of Regensburg under HRB 18842. Vitesco Technologies' share capital amounts to EUR 100,052,990.00 and is divided into 40,021,196 registered no-par value shares with a nominal value of EUR 2.50 (each a "**Vitesco Technologies Share**", and together the "**Vitesco Technologies Shares**"). The Vitesco Technologies Shares are admitted to trading on the regulated market (*Regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (ISIN: DE000VTSC017). Currently, Vitesco Technologies does not hold any treasury shares. The financial year of Vitesco Technologies is the calendar year.

(C) As of the date of this agreement, Schaeffler directly holds 15,557,631 Vitesco Technologies Shares and thus approximately 38.87% of the share capital of Vitesco Technologies.

(D) The Parties intend to merge Vitesco Technologies as the transferring legal entity into Schaeffler as the acquiring legal entity pursuant to Sections 2 no. 1, 4 *et seq*. and 60 *et seq*. of the German Reorganization Act (*Umwandlungsgesetz*, "**UmwG**") in accordance with this Agreement (the "**Merger**").

**NOW THEREFORE,** the Parties agree the following:

## 1. TRANSFER OF ASSETS, MERGER DATE

1.1 Vitesco Technologies will transfer all of its assets, including all rights and obligations, by way of dissolution without liquidation pursuant to Sections 2 no. 1, 60 *et seq*. UmwG to Schaeffler through merger by acquisition in return for the granting of shares in Schaeffler to the shareholders of Vitesco Technologies who are not parties to this agreement (the "**Vitesco Technologies Shareholders**").

1.2 The Merger will be based on the balance sheet of Vitesco Technologies as the Transferring Entity as of December 31, 2023, which has been issued with an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) by KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, as the closing balance sheet (which is also the transfer date for tax purposes (Section 2 para. 1 of the German Transformation Tax Law)).

1.3 The transfer of Vitesco Technologies' assets shall take place internally effective as of January 1, 2024, 00:00 hours (the "**Merger Date**"). From the Merger Date all actions and transactions of the Transferring Entity shall be deemed as having been carried out for the account of the Acquiring Entity.

1.4 Schaeffler shall continue the values of the transferred assets and liabilities recognized in the closing balance sheet of Vitesco Technologies in its annual financial statements (*Buchwertfortführung*) and both Parties shall carry out the necessary actions in coordination with each other.

## 2. CONSIDERATION, CAPITAL INCREASE

2.1 Upon the effectiveness of the Merger, Schaeffler shall grant the Vitesco Technologies Shareholders, who are not parties to this agreement, a total of 278,884,641 voting common shares in Schaeffler free of charge in return for the transfer of Vitesco Technologies' assets in accordance with the following exchange ratio:

> For every five registered no-par value shares (voting common shares) of Vitesco Technologies with a nominal value of EUR 2.50 each, 57 voting common shares of Schaeffler with a nominal value of EUR 1.00 each will be granted (i.e. for every one Vitesco Technologies Share there are 11.4 Schaeffler Voting Common Shares) (the "**Exchange Ratio**").

No consideration other than in the form of shares in Schaeffler will be granted unless an additional cash payment is legally mandatory pursuant to Sections 72a, 72b UmwG.

2.2 To the extent that Vitesco Technologies Shares are held by or for the account of Schaeffler, the transfer of Vitesco Technologies' assets will be carried out without consideration, *i.e.*, Schaeffler will not receive any new shares for its previous participation in Vitesco Technologies (see Sections 20 para. l no. 3, 68 para. l sentence 1 no. l UmwG).

2.3 For the purpose of implementing the Merger, Schaeffler will increase its share capital from currently EUR 666,000,000.00 by EUR 278,884,641.00 to EUR 944,884,641.00 by issuing 278,884,641 new shares (voting common shares) with a nominal value of EUR 1.00 each.

2.4 The shares granted by Schaeffler in accordance with Section 2.1 carry full dividend rights from January 1, 2024.

2.5 The reference date for the valuation of Schaeffler and Vitesco Technologies to determine the Exchange Ratio is April 24, 2024.

2.6 If the value of the transferred assets exceeds the pro rata amount of the share capital attributable to the newly created shares, the difference shall be allocated to the capital reserve pursuant to Section 272 para. 2 no. 4 HGB.

2.7 The Vitesco Technologies Shareholders will be granted whole shares in Schaeffler, to the extent possible subject to the exchange ratio. Remaining fractional shares will be combined and sold (Sections 72 para. 2 UmwG, 226 para. 3 AktG); the proceeds will be credited to the holders of the fractional shares in proportion to the fractional shares attributable to them.

2.8 Schaeffler will apply for the admission of all Schaeffler Voting Common Shares - and thus also the Schaeffler Voting Common Shares granted as consideration - to the regulated market (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to effect the admission of the Schaeffler Voting Common Shares as soon as possible after the effectiveness of the Merger. A settlement offer pursuant to Section 29 UmwG is therefore not required, as Vitesco Technologies as a listed stock corporation will be merged into Schaeffler, also a listed stock corporation.

2.9 In the event that a court of law determines, or Schaeffler recognizes by way of a judicial or extrajudicial settlement or in any other way, that the exchange ratio is not appropriate or that the participation in Schaeffler is not an appropriate equivalent value for the share or the participation in Vitesco Technologies, the Parties declare that instead of an additional cash payment (Section 15 UmwG), additional shares of Schaeffler shall be granted in accordance with the more detailed provisions of Sections 72a, 72b UmwG. If Schaeffler grants additional shares in Schaeffler to a Vitesco Technologies Shareholder in order to compensate for an inappropriate determination of the exchange ratio, Schaeffler will equally compensate all other Vitesco Technologies Shareholders entitled to consideration shares by granting them additional shares in Schaeffler accordingly.

## 3. ESCROW AGENT

3.1 Pursuant to Section 71 para. 1 UmwG, Vitesco Technologies appoints BNP Paribas S.A. (hereinafter, the "**Escrow Agent**") as Escrow Agent for the receipt of the Schaeffler Voting Common Shares granted to the Vitesco Technologies Shareholders.

3.2 Schaeffler shall deliver to the Escrow Agent the global share certificate representing the newly issued shares granted pursuant to Section 2.1 prior to the registration of the Merger in the commercial register responsible for Vitesco Technologies and Vitesco Technologies shall instruct the Escrow Agent to grant the Vitesco Technologies Shareholders entitled to exchange their shares the pro rata indirect co-ownership of the global share certificate deposited with the Escrow Agent after the registration of the Merger in the commercial register responsible for Schaeffler and/or to release the proceeds obtained pursuant to Section 2.7 in return for the transfer of their Vitesco Technologies Shares.

## 4. SPECIAL RIGHTS AND ADVANTAGES

4.1 No special rights within the meaning of Section 5 para. 1 no. 7 UmwG are granted to individual shareholders or holders of special rights. No measures within the meaning of the aforementioned provision are intended for these persons.

4.2 Equally, subject to Section 4.4, no special benefits within the meaning of Section 5 para. 1 no. 8 UmwG will be granted to members of a representative body or a supervisory body of the legal entities involved in the merger, managing partners, partners, auditors or the merger auditor.

4.3 With the effectiveness of the Merger, the position of Vitesco Technologies' supervisory board (*Aufsichtsrat*) and the mandates of the supervisory board members shall end. The remuneration claims of the members of the supervisory board of Vitesco Technologies for the financial year in which the Merger becomes effective in accordance with Section 15 of Vitesco Technologies' articles of association (in the version applicable at the time the Merger becomes effective) shall become due at the end of December 31 of that year and shall be fulfilled by Schaeffler. No compensation will be paid to the previous members of Vitesco Technologies' supervisory board.

4.4 In addition, the offices of Vitesco Technologies' executive board members shall end with the effectiveness of the Merger. The employment contracts of Vitesco Technologies' executive board members are not affected by this. Notwithstanding the responsibilities of Schaeffler's supervisory board under company law, the former member of Vitesco Technologies' executive board, Thomas Stierle, shall be appointed as a member of Schaeffler's executive board concurrently with the effectiveness of the Merger. In agreement with Schaeffler's supervisory board, subject to the approval of the general meeting of Schaeffler, the remuneration of the members of the executive board will in future be determined in accordance with the remuneration system adjusted pursuant to Annex 4.4. Before the Merger becomes effective, Vitesco Technologies intends to enter into binding agreements with all members of Vitesco Technologies' executive board on the full settlement of the variable remuneration of the executive board.

## 5. CONSEQUENCES OF THE MERGER FOR EMPLOYEES AND THEIR REPRESENTATIVE BODIES

5.1 The Transferring Entity currently has no employees. Should employment relationships exist at the Transferring Entity at the time the Merger takes effect, these will be transferred to Schaeffler pursuant to Section 35a para. 2 UmwG in conjunction with Section 613a of the German Civil Code ("**BGB**"). Schaeffler assumes the rights and obligations arising from employment relationships existing with the Transferring Entity's employees pursuant to Sections 613a para. 1 sentence 1 BGB, 35a UmwG, recognizing the length of employment at the Transferring Entity, and continues such employment relationships. A termination of the employment relationships transferred upon the effectiveness of the Merger as a result of the transfer of undertakings is invalid pursuant to Section 35a UmwG in conjunction with Section 613a para. 4 sentence 1 BGB. The right to terminate employment relationships for other reasons remains unaffected in accordance with Section 35a UmwG in conjunction with Section 613a para. 4 sentence 2 BGB.

5.2 The contractual working conditions of transferring employees shall remain unchanged, including any company practices, overall commitments and standard regulations. This also applies to the place of work and existing management rights of the employer. All rights and obligations of transferring employees that are based on earned seniority shall continue to exist at Schaeffler. This applies in particular to the determination of notice periods and entitlements to anniversary payments of transferring employees.

5.3 Upon the effectiveness of the Merger, all rights and obligations arising from any existing company pension commitments to transferring employees as well as pension recipients at the Transferring Entity and vested entitlements to former employees of the Transferring Entity shall also be transferred to Schaeffler, irrespective of their respective legal basis, and shall remain unchanged in terms of content. Insofar as the length of employment with the company is relevant for the reason for and amount of benefits from any pension commitments, the periods of employment achieved at or recognized by the Transferring Entity shall be taken into account at Schaeffler. In future, the economic situation of Schaeffler must be taken into account when adjusting current benefits promised under pension commitments in accordance with Section 16 para. 1 of the German Company Pension Act (*Gesetz zur Verbesserung der betrieblichen Altersversorgung*, "**Betriebsrentengesetz**"). Furthermore, the employees of the Transferring Entity joining as part of the Merger are not entitled to benefits with regard to the employer-financed company pension scheme in accordance with the group works agreement "KBV Schaeffler Pension Plan".

5.4 Since the Transferring Entity will cease to exist upon effectiveness of the Merger pursuant to Section 20 para. 1 no. 2 UmwG, no additional joint and several liability of the Transferring Entity within the meaning of Section 613a para. 2 BGB arises pursuant to Section 35a UmwG in conjunction with Section 613a para. 3 BGB.

5.5 Employees of the Transferring Entity affected by the transfer of undertakings will be informed of the transfer of undertakings prior to its effectiveness in accordance with

Section 35a UmwG in conjunction with Section 613a para. 5 BGB. According to the rulings of the Federal Labor Court, the employees of the Transferring Entity do not have the right to object to the transfer of their employment relationships to Schaeffler pursuant to Section 613a BGB, as the Transferring Entity will no longer exist after the effectiveness of the Merger and the employment relationship with the Transferring Entity can therefore no longer be continued. However, according to the rulings of the Federal Labor Court, employees of the Transferring Entity have an extraordinary right of termination as a result of the Merger.

5.6 The Merger does not affect the employment relationships of Schaeffler's employees.

5.7 The Merger itself will not lead to any changes in any operational structures and the organization of the operations of the Transferring Entity and Schaeffler. The identity of operations of the Transferring Entity and the companies belonging to the Transferring Entity's group and of Schaeffler and the companies belonging to the Schaeffler Group will not be affected by the Merger itself. The Merger itself will not result in a change in operations pursuant to Section 111 of the German Works Constitution Act (*Betriebsverfassungsgesetz*, "**BetrVG**").

5.8 Upon the effectiveness of the Merger, the group works council, the group spokespersons' committee, the European works council (subject to a transitional mandate pursuant to Section 37 para. 3 of the European Works Councils Act (*Gesetz über Europäische Betriebsräte*, "**EBRG**"), the group representative body for the group youth and trainee council and the group representative body for severely disabled employees existing at the Transferring Entity shall cease to exist. The group works council and the group representative body for severely disabled employees at Schaeffler shall continue to exist after the effectiveness of the Merger and shall also be responsible for the employees of the Transferring Entity and the companies belonging to the Transferring Entity's group from this point in time. The existing company spokespersons' committee at Schaeffler shall also remain in place after the effectiveness of the Merger and shall also be responsible for any senior executives transferred from Vitesco Technologies to Schaeffler from this date. The composition of the group works council at Schaeffler shall be supplemented by representatives of the existing central works councils of the companies belonging to the Transferring Entity's group in accordance with the existing group works agreement of the Schaeffler Group. The other works councils, spokespersons' committees, representative bodies of severely disabled employees and youth and trainee representatives in the Schaeffler Group and the Transferring Entity's group shall remain unaffected by the Merger and shall continue to exist after the effectiveness of the Merger.

5.9 The supervisory board of the Transferring Entity will expire upon the effectiveness of the Merger and the mandates of the supervisory board members (including the employee representatives) will end at this time. Schaeffler also has a supervisory board with equal representation of shareholders and employees, which pursuant to Section 7 para. 1 sentence 1 no. 3 of the German Co-Determination Act (*Mitbestimmungsgesetz*, "**MitBestG**") consists of ten shareholder representatives and ten employee representatives. Schaeffler's supervisory board will remain unchanged after the effectiveness of the Merger. The employees employed by companies belonging to the group of the Transferring Entity until the effectiveness of the Merger are entitled to actively and passively vote in the next elections to the supervisory board of Schaeffler after the effectiveness of the Merger in accordance with the applicable provisions.

5.10 Collective bargaining agreements (*Tarifverträge*) shall not apply to the employment relationships of transferring employees before the effectiveness of the Merger. Upon the effectiveness of the Merger, the collective bargaining agreements of the metal and electrical industry applicable at Schaeffler shall apply to transferring employees to the extent that the respective employee is bound by the collective bargaining agreement and is covered by the scope of the respective collective bargaining agreement. In all other respects, any reference to collective agreements in the employment contract shall continue to apply unchanged. In addition, any spokespersons' committee or works agreements (including general and group works agreements and company spokespersons' committee agreements) in force at Schaeffler shall apply to transferring employees from the effectiveness of the Merger, insofar as the respective employee is covered by the scope of the respective agreement.

5.11 In all other respects, the collective bargaining agreements, works agreements (including general and group works agreements) and spokespersons' committee agreements (including company and group spokespersons' committee agreements) in force at the companies belonging to the Transferring Entity's group when the Merger takes effect shall continue to apply unchanged after the Merger takes effect, unless the works agreements are replaced by group or general works agreements of Schaeffler on the same subject matter or the spokespersons' committee agreements are replaced legally valid by company spokespersons' committee agreements of Schaeffler on the same subject matter.

5.12 The Parties intend to merge the Schaeffler Group and the Transferring Entity's group organizationally after the completion of the Merger. Even if the Merger does not have immediate direct individual legal effects on the employment relationships of employees who are employed by subsidiaries of the Transferring Entity, it cannot be ruled out that subsequent effects for employees of subsidiaries of the Transferring Entity may arise in the future. Through the Merger, the parties intend to create a Motion Technology Company with four focused divisions (E-Mobility, Powertrain & Chassis, Vehicle Lifetime Solutions, and Bearings & Industrial Solutions). Currently, by way of a selection process, a decision is being made on the appointment of the first management level below the executive board of Schaeffler. The Parties have not yet determined a concrete organizational structure for the business combination. However, the Parties agree that a committed and motivated workforce and the corporate culture they embody are the basis for the current success of the two companies and the future success of the Combined Group. The Parties aim to maintain the existing excellent employee base and corporate culture. The Parties further agree that the transfer of the pension schemes for employees of subsidiaries of the Transferring Entity, in the case of German employees, will be carried out in compliance with the applicable requirements in accordance with the case law of the Federal Labor Court (*Bundesarbeitsgericht*) and otherwise essentially equivalent in value, i.e. without significant losses for the employees.

## 6. RIGHTS OF WITHDRAWAL

Each Party is entitled to withdraw from this merger agreement with immediate effect if the Merger has not become effective by December 31, 2025. Withdrawal must be declared to the other Party by registered letter with acknowledgement of receipt and should be communicated in writing to the certifying notary and the register courts involved. The legal consequences of the withdrawal are governed by Sections 346 *et seq*. BGB.

## 7. CHANGE OF MERGER DATE

7.1 If the Merger is not entered in the commercial register of Schaeffler by the end of February 28, 2025, the balance sheet of Vitesco Technologies as of December 31, 2024, which was issued with an unqualified audit opinion (*uneingeschränkter Bestätigungsvermerk*) by the auditor appointed by Vitesco Technologies' general meeting, shall be used as the closing balance sheet in deviation from Section 1.2 of this agreement and, in deviation from Section 1.3 of this agreement, the beginning of January 1, 2025, 00:00 hours shall be assumed as the effective date for the acquisition of Vitesco Technologies' assets or the change of accounting. In the event of a further delay beyond February 28 of the following year, the reference dates shall be postponed by another year in accordance with the above provision.

7.2 If the Merger is not entered in the commercial register of Schaeffler until after Schaeffler's annual general meeting in 2025, which resolves on the utilization of the retained profits for the 2024 financial year, the shares of Schaeffler granted as consideration shall, in deviation from Section 2.4 of this agreement, only be entitled to dividends for the financial year commencing January 1, 2025. In the event of a further delay in registration beyond the following annual general meeting of Schaeffler, which resolves on the utilization of the retained profits for the 2025 financial year, the dividend entitlement shall be postponed by a further year. The exchange ratio remains unaffected by any shift in profit entitlement.

## 8. CONDITIONS PRECEDENT, EFFECTIVENESS

8.1 This agreement is subject to the condition precedent that the general meetings of Schaeffler and Vitesco Technologies have each approved this agreement in accordance with Sections 13 para. 1 and 65 para. 1 UmwG with a majority of three quarters of the share capital represented at the respective resolution.

8.2 The Merger shall become effective upon entry in the commercial register at the registered office of Schaeffler.

**9. BRANCH OFFICES, PROCURATION / POWERS OF ATTORNEY**

9.1 Vitesco Technologies does not have any branch offices.

9.2 The procuration and powers of attorney of Vitesco Technologies expire when the Merger becomes effective.

**10. FINAL PROVISIONS**

10.1 The costs arising from the conclusion of this agreement and its implementation (with the exception of the costs of the general meeting of the Transferring Entity deciding on the Merger) shall be borne by the Acquiring Entity. Costs incurred for the preparation of this agreement shall be borne by each Party. These provisions shall also apply if the Merger does not become effective due to the withdrawal of a Party or for any other reason.

10.2 The Parties shall make all declarations, issue all documents and take all other actions that may still be necessary or relevant in connection with the transfer of Vitesco Technologies' assets at the time the Merger with Schaeffler becomes effective or the correction of public registers or other lists. From the day on which the Merger is entered in the commercial register responsible for Vitesco Technologies, Vitesco Technologies grants Schaeffler power of attorney to the fullest extent permitted by law to make all declarations that are necessary or helpful to fulfill the obligations under this Section 10.2. This power of attorney shall continue to apply beyond the effectiveness of the Merger.

10.3 Should provisions of this agreement be or become void or ineffective in whole or in part, this shall not affect the validity of the remaining provisions of this agreement. The same shall apply if it should transpire that the agreement contains a contractual gap. In place of the void, ineffective or unenforceable provisions or to fill the gap, the Parties undertake to agree on an appropriate replacement provision that comes as close as possible to the content of the void or ineffective provision.

* * *

# <u>Annex 4.4</u>

## Remuneration System for the Executive Board Members of the Combined Group

# Remuneration System for the Members of the Board of Managing Directors of Schaeffler AG pursuant to section 87a of the German Stock Corporation Act

## TABLE OF CONTENTS

**Preamble**

The Supervisory Board of Schaeffler AG has reviewed the remuneration system for the members of the Board of Managing Directors (referred to as "Managing Directors" below) of Schaeffler AG in light of the planned merger of Vitesco Technologies Group AG into Schaeffler AG. The Supervisory Board of Schaeffler AG has decided to adapt the remuneration system for the Managing Directors of Schaeffler AG to the size and economic significance of Schaeffler AG following the merger. Further, the new remuneration system reflects the responsibilities of the Managing Directors and is tailored even more closely to the roles expanded as a result of the merger. In particular, this involves adjusting the caps on remuneration and on payouts of short-term and long-term variable remuneration to a level customary in the market. In future, part or all of the long-term variable remuneration can be paid in real shares at the option of the Supervisory Board. This option is designed to further promote the equity culture within Schaeffler AG and strengthen the share price. The adjusted remuneration system will also retain the stronger emphasis on sustainability targets in both short- and long-term variable remuneration created by the remuneration system approved by the annual general meeting on April 21, 2022. This emphasizes the relevance the Schaeffler Group attaches to the issue of sustainability.

The description of the remuneration system starts with the guiding principles underlying the remuneration system for Managing Directors as well as the process of establishing, implementing, and reviewing the remuneration system. This is followed by a description of individual remuneration components as well as the cap on Managing Directors' remuneration. The ability to withhold and claw back variable remuneration components (malus and clawback provisions), share ownership guidelines, and provisions regard the term and termination of Managing Director contracts are outlined at the end of the document.

The remuneration system generally becomes effective for all Managing Directors retroactively from January 1, 2024, as well as for Managing Directors with new or renewed Managing Director contracts. In light of the planned merger of Vitesco Technologies Group AG into Schaeffler AG that is scheduled for completion in 2024, certain adjustments to the remuneration system become effective January 1, 2025.

## A. GUIDING PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE MANAGING DIRECTORS OF SCHAEFFLER AG

The Supervisory Board of Schaeffler AG establishes the remuneration system for Managing Directors based on the following guiding principles:

- **Linking performance and remuneration:** The variable performance-based remuneration components should exceed the fixed remuneration components relative to total target remuneration in order to ensure remuneration is performance-based.
- **Value creation and free cash flow:** Remuneration should promote the achievement of Schaeffler AG's overarching objectives of creating value sustainably and generating free cash flow. The related strategic and operating performance indicators should serve as performance criteria embedded in the variable remuneration of Managing Directors.

- **Variable remuneration focused on long-term and sustainable increase in the value of the company:** Variable remuneration should be largely long-term in nature and linked to changes in the value of the company. Furthermore, sustainability targets should continue to be addressed in the variable remuneration to emphasize the increasing importance of sustainability as a part of the company's strategy.

- **Strengthening orientation toward the capital markets and more extensively aligning interests with those of shareholders:** Managing Directors are required to purchase a set amount of Schaeffler AG shares and to own them until the end of their Managing Director contract with Schaeffler AG (share ownership guidelines).

The remuneration system for Managing Directors is clear and transparent.

The remuneration system is compliant with the requirements set out in the German Stock Corporation Act (*Aktiengesetz - AktG*), as amended by the German Act Implementing the Second Shareholder Rights Directive in the version dated December 12, 2019, (BGBl. Part I 2019, no. 50, dated December 19, 2019) and reflects the recommendations of the German Corporate Governance Code (GCGC) as adopted by the Government Commission German Corporate Governance Code on April 28, 2022. It provides the Supervisory Board with the flexibility required to respond to organizational changes and reflect a variety of market conditions.

## B. PROCESS OF ESTABLISHING, IMPLEMENTING, AND REVIEWING THE REMUNERATION SYSTEM

The Supervisory Board establishes the system and amount of remuneration of Managing Directors, including the cap on remuneration. The Supervisory Board's presidential committee prepares the decisions of the Supervisory Board on the remuneration system as well as the remuneration of individual Managing Directors.

This remuneration system was developed with the assistance of independent external consultants. The Supervisory Board ensures the independence of mandated external consultants.

The procedures in respect of conflicts of interests defined in the rules of procedure for the Supervisory Board also apply to the process of establishing, implementing, and reviewing the remuneration system.

The Supervisory Board submits the remuneration system it has adopted to the annual general meeting for approval. The Supervisory Board regularly reviews the appropriateness of the system and amount of remuneration of Managing Directors. Firstly, this review is based on a horizontal comparison of the structure and amount of remuneration of the various Managing Directors against the market data of comparable companies (peer group) selected by the Supervisory Board. This peer group consists of comparable national as well as sector-specific international companies. Secondly, the Supervisory Board compares the level of remuneration of Managing Directors to the remuneration level of Schaeffler AG's employees when reviewing and evaluating the appropriateness of the Managing

Directors’ remuneration (vertical comparison). The average remuneration per employee for this vertical comparison is calculated based on the entire global workforce of the Schaeffler Group, reflecting the international character of the company. The ratio of the amount of remuneration of each Managing Director to the average remuneration per employee of the Schaeffler Group is compared against the corresponding ratios of comparable national companies defined by the Supervisory Board of Schaeffler AG. In the event of significant changes, but at least every four years, the remuneration system is submitted to the annual general meeting for approval again. If the annual general meeting does not approve the remuneration system submitted for voting, the Supervisory Board submits a reviewed remuneration system to the general meeting for approval at the subsequent annual general meeting at the latest.

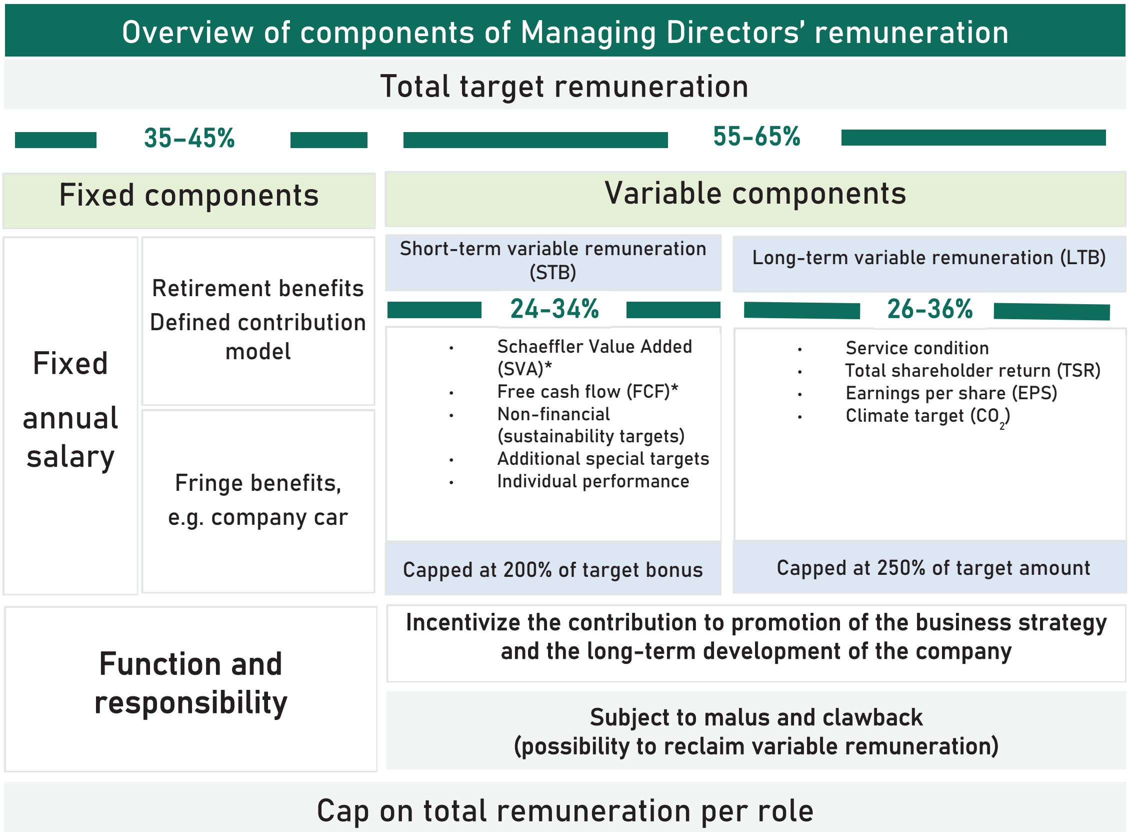
The Supervisory Board may temporarily deviate from the remuneration system (provisions related to the process and the remuneration structure) and its individual components as well as regarding individual remuneration components of the remuneration system or implement new remuneration components if necessary in the interest of the company’s long-term well-being. The Supervisory Board reserves the right to deviate in such manner in exceptional circumstances, for instance in an economic or corporate crisis. Such deviations may temporarily result in a deviation from the cap on the remuneration of the Chief Executive Officer (CEO) or other Managing Directors.

## C. DETAILS OF THE REMUNERATION SYSTEM

### I. Remuneration components

#### 1. Overview of the remuneration components and their relative proportions of total remuneration

The remuneration of Managing Directors comprises both fixed and variable components. The fixed components include the fixed annual salary, fringe benefits, and retirement benefits. The variable components comprise the short-term variable remuneration (the short-term bonus – STB) and the long-term variable remuneration (the long-term bonus – LTB). Moreover, the remuneration system also includes share ownership guidelines (SOG) for Managing Directors.




The share of the total target remuneration represented by each of the various components can vary by a few percentage points between Managing Directors since amounts of fringe benefits vary between individuals.

* For divisional CEOs, performance criteria additionally include the division-specific performance indicators Schaeffler Value Added of the CEOs' own division (SVA own division) and divisional cash flow of the CEOs' own division (DCF own division). Starting January 1, 2025, the Supervisory Board can expand the performance criteria for divisional CEOs to include the performance indicators Schaeffler Value Added of another division (SVA other division) and divisional cash flow of another division (DCF other division).

The total target remuneration consists of the fixed annual salary, benefit contributions, fringe benefits, and the variable remuneration components. For the STB and the LTB, total target remuneration includes the target bonus amounts corresponding to a target achievement rate of 100%. The following discussion sets out the fixed and variable remuneration components as a percentage of total target remuneration.

The fixed remuneration of the Chief Executive Officer and the ordinary Managing Directors currently amounts to 35-45% of total target remuneration. Hence, the variable remuneration amounts to 55-65% of total target remuneration. Within the variable remuneration, the STB currently amounts to 24-34% and the LTB to 26-36% of total target remuneration. The Supervisory Board ensures that the long-term variable remuneration exceeds the short-term variable component in terms of their share of the total target remuneration under any circumstances.

For certain Managing Directors, certain remuneration components as a percentage of the total target remuneration may deviate slightly from the percentages set out above.

The remuneration system ensures that the variable remuneration exceeds the fixed remuneration as a percentage of the total target remuneration under any circumstances.

The percentages stated may differ for future fiscal years, e.g. due to payments or other benefits granted for a limited time to new Managing Directors on the occasion of their assuming office in accordance with section 4 or changes in the cost of contractually agreed fringe benefits and for any new appointments.

## 2. Fixed remuneration components

### 2.1 Fixed annual salary

Each Managing Director receives a fixed annual salary, which is paid in cash and in twelve equal monthly installments.

### 2.2 Retirement benefits

The company commits to providing Managing Directors with retirement benefits including retirement, disability, and surviving dependants' benefits. The benefit contributions are capped at EUR 195,000 per year for ordinary Managing Directors and EUR 390,000 per year for the CEO. Benefit contributions for Managing Directors ceases once they have reached the age of 65 – even if their Managing Director contract continues beyond that age.

When the Managing Director becomes eligible to receive benefits due to retirement or disability, the balance on hand in the benefit account as of such date is paid out to the Managing Director in a lump sum. Alternatively, the Managing Director can opt to receive the benefits in ten annual installments or as a life annuity with monthly payments. The amount of the installment or monthly annuity is based on a temporary or life pension insurance policy obtained in this case, to which the balance on hand in the benefit account is then contributed.

### 2.3 Fringe benefits

As a fringe benefit, Schaeffler AG provides each Managing Director with a company car, including for private use. In addition, there is a D&O insurance policy with a deductible in accordance with the requirements of the German Stock Corporation Act of 10% of the damage up to at least 150% of the fixed annual salary. Moreover, Managing Directors receive a contribution to their health and long-term care insurance and an allowance to be contributed to their personal retirement plan, as well as coverage under the company's group personal accident insurance. Further fringe benefits may be contractually agreed with new appointees individually.

### 2.4 Former Managing Directors of Vitesco Technologies Group AG

If the merger of Vitesco Technologies Group AG into Schaeffler AG is completed in 2024, former Managing Directors of Vitesco Technologies Group AG who are appointed to the Board of Managing

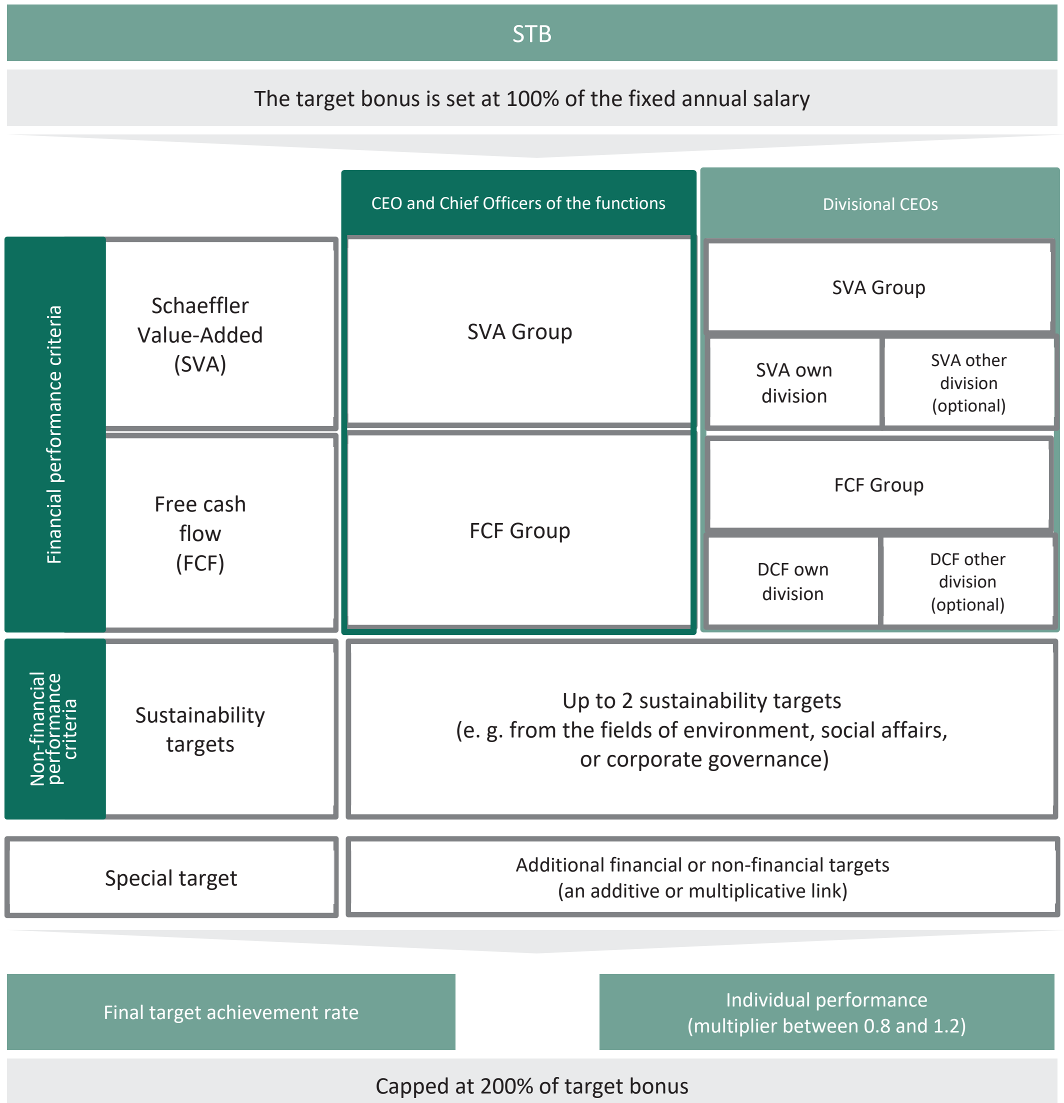
Directors of Schaeffler AG in 2024 may be granted a pure fixed remuneration including fringe benefits and retirement benefits as well as a set amount of variable remuneration for the remainder of 2024 only, in deviation from the percentages set out under C.I.1. Starting January 1, 2025, the former Managing Directors of Vitesco Technologies Group AG appointed to the Board of Managing Directors of Schaeffler AG are remunerated in accordance with the general stipulations of this remuneration system.

## 3. Variable remuneration components

### 3.1 Short-term variable remuneration (the STB)

The STB is a performance-based bonus with a one-year performance period. This short-term variable remuneration component is designed to reward the annual contribution to the sustainable development of the company as well as the operational execution of the company's strategy. The payout of the STB is based on achievement of the performance criteria established by the Supervisory Board for each year. Those criteria comprise both the financial targets derived from the company's strategy as well as non-financial targets. Financial targets are weighted at 80% and non-financial targets at 20%. In addition, the Supervisory Board can establish other special targets and, if it does, weight the targets differently. Moreover, the Supervisory Board can reflect Managing Directors' individual performance in the amount of the STB payout.

The target STB is stipulated in the Managing Director contract and amounts to 100% of the fixed annual salary. To the extent any Managing Directors were previously granted a target bonus in a different amount, the Supervisory Board is entitled to maintain this commitment. The STB payout is capped at 150% of the target bonus. Starting with the STB granted for 2025, the STB payout is capped at 200% of the target bonus. Capping the STB at 200% – as is customary in the market – promotes the further alignment of interests between Managing Directors and shareholders. This cap applies to the total STB amount, including adjustments in the form of a multiplier and those due to exceptional circumstances. The STB may be forfeited if the minimum target bonus is not achieved.




### 3.1.1 Financial performance criteria

Unless defined otherwise, the financial targets for the CEO and the Chief Officers of the functions[1] relate to the performance criteria of Schaeffler Value Added of the Schaeffler Group (SVA Group) and free cash flow of the Schaeffler Group (FCF Group), both weighted equally. The financial performance criteria of the divisional CEOs[2] are measured at the level of both the Group and their own division in order to additionally reflect their responsibility for their own division. For the divisional CEOS, the performance targets SVA Group, Schaeffler Value Added of their own division

[1] Retroactively from January 1, 2024, the Supervisory Board decides which Managing Directors are treated as Chief Officers of the functions; the decision is based on the stipulations of the relevant Managing Director contracts and the roles defined in the Board of Managing Directors' rules of procedure and assigned to the relevant Managing Director.

[2] Retroactively from January 1, 2024, the Supervisory Board decides which Managing Directors are treated as divisional CEOs; the decision is based on the stipulations of the relevant Managing Director contracts and the roles defined in the Board of Managing Directors' rules of procedure and assigned to the relevant Managing Director.

(SVA own division), FCF Group, and divisional Cash-Flow of their own division (DCF own division) are all weighted equally. Starting January 1, 2025, the Supervisory Board may stipulate that the performance criteria Schaeffler Value Added and divisional cash flow for the divisional CEOs are measured at the level of another division (SVA other division and DCF other division), in addition to at the level of the Managing Directors' own division, and set the relative weights of the financial performance criteria.

**Schaeffler Value Added:** Schaeffler Value Added serves as key performance indicator for the contribution to sustainably increasing the value of the company made during the year. In order to grow profitably and create long-term value, earnings should exceed the cost of capital. The SVA Group performance criterion is based on the Schaeffler Group's EBIT before special items less the cost of capital. SVA Division is determined in the same manner but based on parameters segmented in accordance with IFRS 8.

**Free cash flow:** Free cash flow is the most important operating performance indicator under the company's current strategy and measures the ability to convert operating performance into cash inflows. FCF Group is calculated based on the sum of (1) cash flows from operating activities, (2) cash flows from investing activities, as well as (3) principal repayments on lease liabilities (4) excluding cash in- and outflows for M&A activities for the relevant year. DCF Division is derived from Schaeffler's standard internal divisional management reporting for the relevant year and fundamentally follows the business logic of FCF Group (excl. tax and interest payments).

The Supervisory Board sets the performance scales – including minimum and maximum target values – for the financial performance criteria on an annual basis. Target achievement for the relevant year is determined by comparing the actual value for the year with the target value set.

### 3.1.2 Non-financial performance criteria

The non-financial targets relate to environmental, social, or governance (ESG targets) performance criteria. The Supervisory Board sets up to two non-financial targets and their weights for the upcoming year. Non-financial targets are based on the Schaeffler Group's sustainability strategy and anchor related measures in the remuneration. The company reports in detail on the targets selected, the performance criteria, as well as achievement of the targets in the relevant remuneration report.

The Supervisory Board sets the performance scales for the non-financial performance criteria on an annual basis, ensuring at all times that these targets are challenging, promote the business strategy, and contribute to the long-term development of the company. Target achievement for the relevant year is determined by comparing the actual value for the year with the target value set.

### 3.1.3 Special targets

The Supervisory Board is entitled to define additional special targets in the form of further financial or non-financial targets. The Supervisory Board is free to define special targets either as additional performance criteria (leading to a corresponding reduction in the weights of financial and non-financial performance criteria) or as a multiplier. A special target defined as a multiplier can be applied to both the target achievement rate of one or several performance criteria and to the overall target achievement rate of the STB.

### 3.1.4 Adjustment options

In case of exceptional events or developments during the performance period, the Supervisory Board is entitled to adjust, either in favor or to the detriment of the Managing Director and using equitable discretion, the actual target achievement rates determined for the financial and non-financial performance criteria and the special targets, in order to ensure the performance assessment is appropriate. Examples of exceptional events or developments are an acquisition by a Schaeffler Group company or a disposal of all or part of a company or of equity investments in companies by a Schaeffler Group company, a merger of Schaeffler AG with another company, significant changes in Schaeffler AG's shareholder structure, changes in the legal and/or regulatory environment, economic implications of a significant exogenous shock (e.g. war, pandemic, or natural disasters), or high inflation.

The planned merger of Vitesco Technologies Group AG into Schaeffler AG has a significant impact on the STB performance criteria. As a result, the Supervisory Board is entitled to adjust the actual target achievement rates of the STB for merger-related items in order to ensure the Managing Directors' performance is assessed appropriately.

### 3.1.5 Individual performance

The Supervisory Board is entitled to adjust, using equitable discretion, any Managing Director's total STB-target achievement rate by applying a multiplier ranging from 0.8 to 1.2 to reflect that Managing Director's individual performance. In exercising its equitable discretion, the Supervisory Board particularly takes into account whether the Managing Director has temporarily assumed additional responsibilities.

### 3.1.6 Payout modalities

The Supervisory Board determines the STB payout within the first three months of the year following the year to which the remuneration relates (remuneration year). The STB payout is payable in cash on March 31 of the year following the relevant remuneration year. If the Managing Director served Schaeffler AG for less than the full 12 months of a year, the STB amount is prorated accordingly and is paid on the regular payout date.

If the Managing Director contract is terminated for good cause, the appointment is revoked for good cause by Schaeffler AG, or the Managing Director resigns without good cause, any STB the Managing Director is entitled to for the relevant year is forfeited. The year of such forfeiture is determined based on the date notice of termination, revocation, or resignation is received.

## 3.2 Long-term variable remuneration (the LTB)

The LTB is aimed at promoting a long-term increase in the value of the company. Due to the share-based design of the LTB, Managing Directors participate in any long-term increase in the value of the company. The LTB performance criteria are linked to the company's strategy and incentivize sustainable and profitable growth, strengthening of the company's competitive ability, and implementation of the strategic sustainability program "Path to Net Zero". Moreover, the share-based design of the LTB strengthens the alignment of interests between Managing Directors and shareholders.

The LTB is designed as a share-based Performance Share Unit Plan (PSUP) with a four-year performance period attributable to each tranche. LTB tranches are granted annually. Each performance period starts on January 1 of the relevant year. Under the LTB, virtual shares (Performance Share Units, PSUs) are granted to Managing Directors each year. The number of PSUs is determined based on the individual target amount in euros and the share price as at the grant date. The share price at grant date is defined as the average closing price of the common non-voting shares or – if the common non-voting shares are converted – common shares (common non-voting shares and common shares referred to as "shares" below) of Schaeffler AG in the XETRA trading system of the Frankfurt Stock Exchange (or any successor system) for the last 60 trading days before the beginning of the performance period.

Vesting of PSUs at the end of the four-year performance period is based on meeting the service and performance conditions. Performance conditions are set by the Supervisory Board and currently comprise total shareholder return outperformance ("TSR outperformance"), EPS growth, as well as $CO_2$ emissions level ("climate neutrality target").

**LTB**

The individual target amount in euros is converted to PSUs at the average closing price of Schaeffler shares on the last 60 trading days prior to the grant date (starting share price).

| | | | |
|---|---|---|---|
| 40 % PSUs | Service condition | Target achievement rate: 0% – 100% | **Condition:** existing Managing Director contract |
| 17,5% PSUs | TSR outperformance | Target achievement rate: 0% – 200% | **Condition:** TSR outperformance vs. sector basket (SXAGR/SXNGR) / starting January 1, 2025: |
| 17,5% PSUs | EPS growth | Target achievement rate: 0% – 200% | **Condition:** average annual growth in earnings per share (EPS growth) |
| 25% PSUs | Climate neutrality | Target achievement rate: 0% – 200% | **Condition:** a certain level of $CO_2$ emissions and, if applicable, implementation of relevant measures |

Payout in cash or settlement in real shares after a four-year performance period

Number of PSUs x Share price at end of performance period (ending share price)

Capped at 250% of target amount

The Supervisory Board sets the performance scales for the performance criteria on an annual basis. Performance scales define the levels of total shareholder return outperformance, average annual growth in EPS, and $CO_2$ emissions that are required for a defined percentage of PSUs to vest. The number of PSUs potentially vesting subject to the performance criteria being met is capped at 200% for each criterion.

### 3.2.1 Service condition

The payout of PSUs is generally subject to continuous existence of the Managing Director's Managing Director contract with Schaeffler AG during the entire performance period. If a Managing Director joins the Board of Managing Directors during a year, the service condition for the performance period beginning in the year of joining is deemed met if the Managing Director's Managing Director contract is still in place at the end of that performance period. Unless specified otherwise, the service condition is weighted at 40%. The Supervisory Board is entitled to adjust the weight of the service condition for future years using equitable discretion.

### 3.2.2 TSR outperformance

The TSR outperformance performance criterion measures the total shareholder return (TSR) generated over the respective performance period as compared to a relevant peer group. This relative performance criterion reflects and rewards strengthening of the company's long-term competitive ability.

In order to reflect Schaeffler AG's sector-specific market environment – Automotive Technologies, Automotive Aftermarket, and Industrial – the peer group consists of a sector basket. This sector basket replicates the performance of the STOXX Europe 600 Automobiles and Parts Gross Return (SXAGR) and STOXX Europe 600 Industrial Goods and Services Gross Return (SXNGR), weighted 75% and 25%, respectively. These weights represent the current revenue structure of the various business areas within Schaeffler AG. Starting with the LTB tranche granted for the 2025 to 2028 performance period, the peer group will be the MDAX, the applicable benchmark index for the national market environment. TSR outperformance is determined as the difference between the TSR of the Schaeffler share and the TSR of the peer group. The Supervisory Board is entitled to unilaterally adjust the peer group for future tranches prior to the beginning of the relevant performance period, particularly in order to achieve a better reflection of the relevant comparable environment.

Unless specified otherwise, TSR outperformance is weighted at 17.5%.

### 3.2.3 EPS growth

Annual EPS growth measured over the four-year performance period reflects the operating performance of Schaeffler AG and profitable long-term growth. The combination of TSR outperformance and EPS growth ensures balanced performance measurement. EPS growth is measured as average annual growth in earnings per share (EPS) during the performance period. EPS is defined as basic earnings per share from continuing operations as reported in the approved and audited consolidated financial statements of Schaeffler AG.

Unless specified otherwise, EPS growth is weighted at 17.5%.

### 3.2.4 Climate neutrality

The Schaeffler Group’s long-term strategy focuses on the topic of “sustainability” and, in particular, “climate neutrality”. The climate neutrality target links parts of the long-term bonus to the implementation of the strategic program “Path to Climate Neutrality“. For each performance period, the Supervisory Board sets one or more equally-weighted targets for the climate neutrality target, which are derived from the “Path to Climate Neutrality“.

Target achievement for the relevant performance period is determined by comparing the relevant actual value to the target value set by the Supervisory Board.

Unless specified otherwise, the climate neutrality target is weighted at 25%.

### 3.2.5 Adjustment options

In case of exceptional events or developments during the performance period, the Supervisory Board is entitled to adjust, either in favor or to the detriment of the Managing Director and using equitable discretion, the actual target achievement rates determined for the TSR outperformance, EPS growth, and climate neutrality performance criteria, in order to ensure the performance assessment is appropriate. Examples of exceptional events or developments are an acquisition by a Schaeffler Group company or a disposal of all or part of a company or of equity investments in companies by a Schaeffler Group company, a merger of Schaeffler AG with another company, significant changes in Schaeffler AG’s shareholder structure, changes in the legal and/or regulatory environment, economic implications of a significant exogenous shock (e.g. war, pandemic, or natural disasters), or high inflation.

The planned merger of Vitesco Technologies Group AG into Schaeffler AG has a significant impact on the EPS growth and climate neutrality performance criteria. As a result, the Supervisory Board is entitled to fix or adjust for merger-related items the actual target achievement rates of the EPS growth and climate neutrality performance criteria of the 2024 to 2027 PSUP tranche and subsequent tranches in order to ensure the Managing Directors’ performance is assessed appropriately.

### 3.2.6 Payout modalities

Vested PSUs are paid out in cash. The payout amount is determined by multiplying the final number of vested PSUs with the average closing price of the shares of Schaeffler AG in the XETRA trading system of the Frankfurt Stock Exchange (or any successor system) for the last 60 trading days of the relevant performance period. This share price is capped at double the share price at grant date for the relevant tranche. The LTB is payable at the next ordinary salary payment date following approval of the consolidated financial statements of Schaeffler AG. Starting with the LTB tranche granted for the 2025 to 2028 performance period, the payout amount is capped at 250% of the individual target amount agreed in the Managing Director contract.

Starting with the LTB granted for the 2025 to 2028 performance period, the Supervisory Board can opt to settle some or all of the PSUs vested in shares. In this case, the Managing Director receives, as at the due date, a number of real shares of Schaeffler AG equal to the final number of PSUs vested.

The number of real shares of Schaeffler AG is to be reduced to the extent that any payout that would be payable in the case of cash settlement would have to be reduced due to the share price trend or the caps on the payout and on remuneration.

### 3.2.7 Other provisions: Leaver rules and capital events

The PSUP plan terms differentiate between “good leavers” and “bad leavers” for cases when a Managing Director leaves Schaeffler AG. In a “good leaver” case (including contract expiration, contract annulment, reaching retirement age), as a matter of principle, the number of performance share units granted vest pro rata temporis on the last day of the performance period and are settled in cash as contractually agreed. In a “bad leaver” case (especially termination for good cause by Schaeffler AG), all performance share units for performance periods not yet expired by the time a termination notice is received are forfeited.

The plan terms of the PSUP also provide for the number of virtual shares granted to be correspondingly adjusted for capital events (including capital increase, change in legal structure of Schaeffler AG). In case of a delisting, all entitlements to a payout of the value of the performance share units lapse and Schaeffler AG provides the Managing Directors with a plan that is in substance equivalent to the LTB.

## 4. Other benefits

The Supervisory Board is entitled to grant sign-on payments or other sign-on benefits to new Managing Directors in the first and/or second year of appointment. Such payments or other benefits can, for instance, be made to compensate for financial disadvantages from previous employment or service that a Managing Director suffers as a result of joining Schaeffler AG – especially in the form of forfeited variable remuneration – or disadvantages in connection with relocation.

## II. Cap on remuneration

The total amount of remuneration that can be granted to Managing Directors for a given year (sum of all amounts of remuneration incurred for the relevant year including fixed annual salary, variable components of remuneration, benefit contributions, fringe benefits, as well as sign-on payments and other sign-on benefits in accordance with section I.4) – regardless of whether it is paid out in that year or at a later date – is capped at a maximum amount for each Managing Director (“**cap on remuneration**”).

Remuneration is capped at EUR 7,650,000 (EUR 10,000,000 starting January 1, 2025) for the Chief Executive Officer and, in principle, EUR 3,875,000 (EUR 5,500,000 starting January 1, 2025) for each ordinary Managing Director. In deviation from this principle, the remuneration for Dr. Spindler is capped at EUR 4,580,000 as a result of existing contractual commitments.

## III. Malus clause and claw-back provision

In the event of a severe violation of:

– compliance with the Schaeffler Code of Conduct by a Managing Director,

– the duty of care in managing the company by a Managing Director, or

– compliance with the Schaeffler Code of Conduct by employees of Schaeffler AG or by members of governing bodies or employees of companies affiliated with Schaeffler AG, provided the Managing Director has severely breached the obligation to organize and supervise the company,

during the performance period of a variable remuneration component (for the STB: during the relevant one-year performance period; for the LTB: during the relevant four-year performance period), the Supervisory Board is entitled to withhold up to 100% (malus) of the payout under the STB and the LTB or reclaim (claw back) such payout in full or in part.

The payout of some or all variable remuneration components of the STB and LTB for a performance period during which one of the three violations defined above occurs may be withheld, in full or in part, provided payout has not been made by the time the Supervisory Board decides to withhold the remuneration. If a violation becomes known or is detected at a later date, any variable remuneration components already paid out under the STB and LTB may be clawed back in full or in part provided no more than five years have passed since the payout date.

Such withholding, in full or in part, or claw-back is possible even if the Managing Director contract has ended by the time the decision to withhold or claw back is made.

The Supervisory Board is entitled to decide on withholding or clawing back the payment amount at its own discretion.

## IV. Share ownership guidelines

Ordinary Managing Directors are required to purchase shares of the company equivalent to 100% of their gross fixed annual salary and to own them during the term of their Managing Director contract (target number of shares). Existing shareholdings count toward meeting this requirement. The corresponding requirement for the CEO is equivalent to 200% of the gross fixed annual salary. The amount is based on the share price at acquisition. Managing Directors in office on January 1, 2020, had to first meet the requirement by December 31, 2023. All other Managing Directors are required to meet the requirement by the end of the first LTB performance period. Where a Managing Director's term of office commences during the year, the requirement needs to be met by the end of the first four-year LTB performance period starting in the calendar year following the beginning of the Managing Director contract. Payout of the LTB is conditional on proof of compliance with the share ownership guidelines as at the end of the relevant performance period. If a Managing Director's Managing Director contract ends before the end of the first performance period, the target number of shares is reduced pro rata temporis based on the duration of the Managing Director contract in proportion to the four-year LTB performance period. If a Managing Director's Managing Director contract ends after the end of the first performance period and the Managing Director has provided proof of compliance with the share ownership guidelines, LTB payouts for subsequent performance periods are no longer conditional on proof of compliance with the share ownership guidelines.

The share ownership guidelines provide an incentive towards a long-term increase in the value of the company that is additional to the LTB and extends beyond its four-year performance period. Moreover, these guidelines increase orientation toward the capital markets and more extensively align the interests of the Managing Directors and shareholders of Schaeffler AG.

## V. Legal transactions related to remuneration

### 1. Terms of and prerequisites for termination of remuneration-related legal transactions, including relevant notice periods

The term of the Managing Director contracts is the term of Managing Directors' current appointment. As a general rule, Managing Directors are initially appointed for three years. Reappointments are generally made for a term of five years.

Managing Director contracts are renewed for the period for which the Supervisory Board, with the consent of the Managing Director, resolves to reappoint him/her as a Managing Director of the company.

The Managing Director contract ends automatically at the end of the month in which the Managing Director reaches the age of 68. Moreover, the Managing Director contract also ends in case of termination for good cause.

The parties are not entitled to terminate the agreement due to a change of control and there is no commitment to provide termination benefits if the contract is terminated early as a result of a change of control.

## 2. Termination benefits

Payments that may be agreed if a Managing Director contract is terminated early must not exceed twice the annual remuneration and must not exceed the remuneration for the remaining term of the Managing Director contract (severance cap). If the Managing Director contract is terminated early for good cause for which the Managing Director is responsible, any termination benefits are precluded.

The Supervisory Board can agree with Managing Directors on a non-competition clause for a period of up to two years following the end of their Managing Director contract. During this period, they are entitled to non-compete-related compensation in the amount of 50% of the fixed annual salary most recently agreed plus 50% of the last STB paid prior to the end of the Managing Director contract. The amount for certain Managing Directors differs due to existing contractual commitments. These Managing Directors receive non-compete-related compensation in the amount of 50% of the average contractual remuneration granted to the relevant Managing Director for the last 12 months before their departure. The Supervisory Board is entitled to maintain such existing commitments even when the Managing Director contract is renewed. Any income from activities not covered by the non-competition clause is deducted from the non-compete-related compensation to the extent that the total of such income and the compensation would exceed the contractually agreed remuneration most recently received by the Managing Director from Schaeffler AG by more than one tenth. The Supervisory Board is entitled to agree upon a different deduction provision with Managing Directors.

## ANNEX 2: VALUATION REPORT BY VALUETRUST

VALUETRUST

# Expert Opinion

## Assessment of the appropriate exchange ratio of the shares of Schaeffler AG and Vitesco Technologies Group Aktiengesellschaft

Please note that this translation of the German language Expert Opinion is for convenience purposes only. Only the German original of the Expert Opinion is legally valid and binding. No responsibility is assumed for misunderstandings or misinterpretations that may arise from this translation or any mistakes or inaccuracies contained herein. In doubt, only the German original shall form the basis for interpretation.

Munich, March 11, 2024

# List of abbreviations

| Abbreviation | | Meaning |
|---|---|---|
| 3M VWAP | = | Volume-weighted three-month average price |
| AAM | = | American Axle & Manufacturing Holdings, Inc. |
| ADR | = | American Depositary Receipts (depositary receipt issued by a US bank for foreign shares) |
| AG | = | Stock corporation (*Aktiengesellschaft*) |
| Approx. | = | Approximately |
| APV | = | Adjusted present value |
| BaFin | = | Federal Financial Supervisory Authority (*Bundesanstalt für Finanz-dienstleistungsaufsicht*) |
| BEV | = | Battery electric vehicle |
| BGH | = | Federal Court of Justice (*Bundesgerichtshof*) |
| GDP | = | Gross domestic product |
| BVerfG | = | Federal Constitutional Court (*Bundesverfassungsgericht*) |
| BvR | = | Reference number of the Federal Constitutional Court |
| c.p. | = | ceteris paribus |
| CAGR | = | Compound annual growth rate |
| CAPEX | = | Capital expenditures |
| CAPM | = | Capital asset pricing model |
| CDAX | = | Composite DAX |
| CIE | = | CIE Automotive S.A. |
| DAX | = | German share index (*Deutscher Aktiendindex*) |
| DCDC | = | DC/DC converter |
| DCF | = | Discounted cash flow |
| DIO | = | Days Inventory Outstanding |
| DPO | = | Days Payables Outstanding |
| DSO | = | Days Sales Outstanding |
| DTA | = | Deferred tax assets |
| DVFA | = | Deutsche Vereinigung für Finanzanalyse und Asset Management e.V. |
| e.V. | = | Registered association (*eingetragener Verein*) |
| EBIT | = | (Operating) earnings before interest and taxes |
| EBITDA | = | (Operating) earnings before interest, taxes, depreciation and amortization |
| EBT | = | (Operating) earnings before taxes |
| Income Tax Act | = | Income Tax Act |
| EU | = | European Union |
| EV | = | Enterprise value (total company value) |
| EMU | = | European Economic and Monetary Union |
| ECB | = | European Central Bank |
| R&D | = | Research and development |

| Abbreviation | | Meaning |
|---|---|---|
| FAUB | = | Expert Committee for Business Valuation and Business Administration of the IDW (*Fachausschuss für Unternehmensbewertung und Betriebswirtschaft*) |
| FCV | = | Hydrogen fuel cell vehicles |
| FTE | = | Flow to equity or cash flow to equity |
| Ltd. | = | Limited liability company |
| P&L | = | Profit & Loss Statement |
| GW | = | Gigawatt |
| GWEC | = | Global Wind Energy Council |
| HGB | = | German Commercial Code (*Handelsgesetzbuch*) |
| i.e. | = | id est |
| IAM | = | Independent aftermarket |
| IAS | = | International Accounting Standard |
| ICE | = | Internal Combustion Engine |
| IDW | = | Institute of Public Auditors in Germany e.V. (*Institut der Wirtschaftsprüfer e.V.*) |
| IDW S 1 | = | IDW Standard: "Principles for the performance of business valuations" (IDW S 1 as amended in 2008) |
| IEA | = | International Energy Agency |
| IFRS | = | International Financial Reporting Standards |
| IMF | = | International Monetary Fund |
| IoT | = | Internet of Things |
| IRA | = | Inflation Reduction Act |
| ISIN | = | International Securities Identification Number |
| LG | = | Regional court (*Landgericht*) |
| LLC | = | Limited Liability Company |
| LOHC | = | Liquid Organic Hydrogen Carrier |
| LTM | = | Last twelve months |
| M&A | = | Mergers and Acquisitions |
| MDAX | = | Mid-Cap DAX |
| MEZ | = | Central European Time |
| m | = | million |
| MRP | = | Market risk premium |
| No. | = | Number |
| OECD | = | Organization for Economic Cooperation and Development |
| OEM | = | Original equipment manufacturer |
| OES | = | Original Equipment Service |
| OLG | = | Higher Regional Court (*Oberlandesgericht*) |
| OpFCF | = | Operating free cash flow |
| OTC | = | Over The Counter (over-the-counter market for securities) |
| p.a. | = | Per annum |
| PEV | = | Plug-in hybrid electric vehicles |
| PPA | = | Purchase price allocation |

| Abbreviation | | Meaning |
|---|---|---|
| Q&A | = | Questions and Answers |
| ROCE | = | Return on capital employed |
| ROE | = | Return on equity |
| ROIC | = | Return on Invested Capital |
| S&P | = | Standard & Poor's (rating agency) |
| S&P 500 | = | Standard & Poor's 500 (American stock index) |
| S.A. | = | Société Anonymous |
| S.à.r.l. | = | Société à responsabilité limitée |
| S.p.A. | = | Società per Azioni |
| SCR | = | Selective catalytic reduction |
| SDAX | = | Small-Cap DAX |
| SE | = | Societas Europaea |
| SolZ | = | Solidarity surcharge |
| SOP | = | Start of Production |
| SWOT analysis | = | Model for analysing strengths and weaknesses of the business model as well as opportunities and threats in the market and competitive environment |
| Tax-CAPM | = | Capital asset pricing model including taxes |
| TCF | = | Total cash flow |
| TRS | = | Total return swap |
| TV | = | Terminal value or perpetuity |
| UmwG | = | Transformation Act |
| USA | = | United States of America |
| USD | = | US Dollar |
| WACC | = | Weighted average cost of capital |
| WP | = | Auditor |
| WPg | = | The audit from IDW Verlag |
| WpÜG | = | *Wertpapiererwerbs- und Übernahmegesetz* |
| WpÜGAngebV | = | *Verordnung über den Inhalt der Angebotsunterlage, die Gegenleistung bei Übernahmeangeboten und Pflichtangeboten und die Befreiung von der Verpflichtung zur Veröffentlichung und zur Abgabe eines Angebots* |
| XETRA | = | Electronic trading system of Deutsche Börse AG |

# 1. MANDATE AND EXECUTION OF THE MANDATE

## 1.1. Mandate

1. By letter dated November 21, 2023, Schaeffler AG, Herzogenaurach/Germany ("Schaeffler AG" as company and "Schaeffler" as Schaeffler AG including all group companies (subsidiaries and affiliates)[1]) and Vitesco Technologies Group Aktiengesellschaft, Regensburg/Germany ("Vitesco AG" as the company and "Vitesco" as Vitesco AG including all group companies (subsidiaries and associated companies)) (together hereinafter referred to as the "Clients") engaged us to prepare an Expert Opinion on the assessment of the appropriate exchange ratio of the shares of Schaeffler AG and Vitesco AG in the context of the planned merger.

2. The reason for the valuation is the implementation of the planned merger of Vitesco AG as the transferring entity into Schaeffler AG as the acquiring entity. In this context, the executive board of Schaeffler AG and the executive board of Vitesco AG intend to have the ratio of the equity values ("equity values") of Schaeffler and Vitesco (hereinafter "value proportions") as well as the resulting exchange ratio of the shares of Schaeffler AG and Vitesco AG (hereinafter "exchange ratio") assessed with regard to its appropriateness. The date for the Annual General Meeting of Vitesco AG resolving on the planned merger was set for April 24, 2024 and for Schaeffler AG for April 25, 2024. The Expert Opinion serves to explain and justify the exchange ratio and will be an annex to the merger report prepared jointly by Schaeffler AG and Vitesco AG, which will be published in connection with the notices convening the Annual General Meetings of Schaeffler AG and Vitesco AG which are to resolve on the planned merger.

3. In order to assess the equity values of Schaeffler and Vitesco, we determine the equity values of Schaeffler and Vitesco on the basis of the valuation methods recognized in business valuation practice and case law. For this purpose, we determine the objectified equity values of Schaeffler and Vitesco in accordance with Standard 1 "Principles for the Performance of Business Valuations" (*Grundsätze zur Durchführung von Unternehmensbewertungen*) (in the version dated April 2, 2008, hereinafter also referred to as "IDW S 1") issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany). In accordance with this pronouncement, we issue our Expert Opinion in the function of a neutral expert. In addition to the principles of the objectified equity value in accordance with IDW S 1, we take into account the principles of business valuation developed in German case law for structural measures under stock corporation and transformation acts.

4. The objectified equity value determined pursuant to IDW S 1 constitutes an intersubjectively verifiable value for financial success in the future (present value of the financial surpluses to the company owners), which results from a going concern basis and on the basis of the existing business concept with all realistic expectations for the future in the context of market opportunities and risks, financial possibilities of the company and other influencing factors. Against this background, in accordance with IDW S 1 and case law, we carried out a plausibility check

[1] However, excluding Vitesco AG and its subsidiaries and holdings.

of the business plan and, among other things, observed IDW Practice Note 2/2017 "Assessment of corporate planning in valuation, restructuring, due diligence and fairness opinion".

5. In addition to the objectified equity values of Schaeffler and Vitesco in accordance with IDW S 1, we have performed a valuation taking into account the "Best Practice Recommendations Corporate Valuation" (*Best-Practice-Empfehlungen Unternehmensbewertung*) of the Deutsche Vereinigung für Finanzanalyse und Asset Management e.V. (as of December 2012, "DVFA Recommendations"). In accordance with the DVFA recommendations, we issue an Expert Opinion in the function of an independent expert. In contrast to IDW S 1, the DVFA recommendations are aimed at determining the fair value and are based on the valuation concept of the market participant as a standard for determining the derived fundamental value. This means that the empirically widespread approach of real company acquirers is used for modelling from the perspective of the company acquirer. In addition, the market value determined in accordance with the DVFA recommendations corresponds conceptually to the "fair value" recognized in international valuation practice. Furthermore, we sensitize the determined equity values of Schaeffler and Vitesco with plausible valuation assumptions to derive valuation ranges.

6. The terms of mandate documented in the engagement letter apply to the execution of the mandate and our responsibility, including in relation to third parties. This Expert Opinion has been prepared solely for internal use by the clients and for the purpose of the planned merger (including related publications). In addition to information purposes of the executive board of Schaeffler AG and the executive board of Vitesco AG, the internal use also includes the publication in connection with the preparation and holding of the Annual General Meetings of Schaeffler AG and Vitesco AG and the use in connection with all possible legal proceedings related thereto, provided that our Expert Opinion is disclosed in full and with all attachments. Furthermore, our Expert Opinion serves as an integral part of the Merger Report and may be attached thereto as an annex.

7. Under no circumstances do we accept liability towards third parties for the Expert Opinion.

8. The valuation date is April 24, 2024 as the date of the Annual General Meeting of Vitesco AG resolving on the planned merger. The Annual General Meeting of Schaeffler AG resolving on the planned merger is scheduled for April 25, 2024.

## 1.2. Execution of the mandate

9. We performed our work in our offices until March 11, 2024. The information presented in Appendix 1 "List of essential documents and information used" was essentially available to us for the execution of the mandate. This Expert Opinion is based on our knowledge of the assets, financial position and results of operations of Schaeffler and Vitesco and their respective future development as of March 11, 2024 and capital market data as of February 23, 2024.

10. In principle, our valuation is based on the documents and information provided for the valuation. We have critically assessed the information received, but have not performed an audit in accordance with §§ 316 ff. HGB.

11. Schaeffler AG and Vitesco AG have each issued a representation letter to us as of March 11, 2024 stating that all information relevant for the preparation of this Expert Report has been provided to us correctly and completely.

12. We emphasize that there are usually differences between the expected and actual results, as events may occur differently than originally planned. These differences can be material. We therefore assume no liability or responsibility for the occurrence of the assumptions and results assumed in the business plan and/or the measures to be implemented or the result of the business activity. Likewise, we make no statement regarding the achievability of the business plan or the accuracy and completeness of the assumptions, results and information assumed in the business plan.

13. We would also like to point out that the calculations presented below to derive the equity values are generally shown in millions of euros. As the calculations were actually carried out using the exact values, the addition or subtraction of table values may lead to deviations in the subtotals or totals shown.

## 1.3. Previous acquisitions and change of share class

14. The planned merger was preceded by a voluntary public Tender Offer ("Tender Offer") by Schaeffler AG to the shareholders of Vitesco AG to acquire all outstanding shares of Vitesco AG (ISIN DE000VTSC017), each with a notional value of EUR 2.50 in the share capital of Vitesco AG ("Vitesco shares"), for a cash consideration of EUR 94.00 per Vitesco share. The decision to make the Tender Offer was published on October 9, 2023 and the corresponding offer document was published on November 15, 2023. Initially, the cash consideration offered by Schaeffler AG as part of the Tender Offer was EUR 91.00 per Vitesco share. This was increased to EUR 94.00 per Vitesco share by the amendment to the Tender Offer published on November 27, 2023. The acceptance period of the Tender Offer ended on December 15, 2023 at 24:00 hours (CET). By the end of the acceptance period, the Tender Offer had been accepted for a total of 11,957,629 Vitesco shares, corresponding to approximately 29.88% of the share capital and voting rights of Vitesco AG existing at the end of the acceptance period.

15. As part of the Tender Offer, Schaeffler AG entered into qualified non-acceptance agreements with IHO Beteiligungs GmbH and IHO Verwaltungs GmbH, both loacted in Herzogenaurach. Under these agreements, IHO Beteiligungs GmbH and IHO Verwaltungs GmbH were in particular obliged not to accept the Tender Offer for the Vitesco shares held by each of them, which (taken together) correspond to a shareholding of approximately 49.94% in Vitesco AG.

16. The Tender Offer was completed on January 5, 2024, and thus before the valuation date, for a cash consideration of EUR 94.00 per Vitesco share. The cash consideration was credited to the shareholders of Vitesco AG who tendered their Vitesco shares against payment of the cash consideration on the same day.

17. On January 23, 2024, Schaeffler AG purchased a further 3,600,000 Vitesco shares for a price of EUR 90.77 per Vitesco share from BofA Securities Europe S.A. ("Bank of America"). This corresponds to approximately 9.00% of the existing share capital of Vitesco AG. As a result, Schaeffler AG holds a total of 15,557,631 Vitesco shares or a 38.87% stake in Vitesco AG as of the valuation date.[2]

18. With respect to the overall transaction, an extraordinary Annual General Meeting of Schaeffler AG held on February 2, 2024, resolved to convert the non-voting preference shares of Schaeffler AG into voting common shares of Schaeffler AG at a ratio of 1:1 ("change of share class"). The non-voting preference shareholders approved the change of share class at a separate meeting of preference shareholders on February 2, 2024. In the resolution, the executive board of Schaeffler AG was instructed not to file the change of share class for entry in the commercial register until a separate Annual General Meeting of Schaeffler AG has approved a merger agreement between the company and Vitesco AG as the transferring entity. The registration of the change of share class must be conditional upon the prior or simultaneous registration of the merger of Vitesco AG into Schaeffler AG in the commercial register of the company.

[2] In addition to the Vitesco shares purchased through the Tender Offer (11,957,629 shares) and from Bank of America (3,600,000 shares), Schaeffler acquired a further 2 Vitesco shares in March 2024 ahead of the planned merger.

## 2. GENERAL VALUATION PRINCIPLES

19. The valuation principles set out below are considered to be accepted in theory and practice of business valuation today.. They are reflected in the literature, in the releases of the Institute of Public Auditors in Germany (IDW), in particular in IDW S 1, and in the DVFA recommendations. The principles of IDW S 1 are also generally recognized by case law in Germany for valuations in the context of structural measures under stock corporation and transformation acts.

20. In accordance with our engagement, we independently determine the equity values of Schaeffler and Vitesco as of April 24, 2024 in accordance with IDW S 1 for the determination of the exchange ratio. In addition, we value Schaeffler and Vitesco taking into account the DVFA recommendations. The principles of business valuation resulting from IDW S 1 and the DVFA recommendations, the premises set by both valuation standards and their respective differences are presented below. The principles of the objectified equity value according to IDW S 1 and the relevant case law of German courts were followed to determine the value ratios.

### 2.1. Determination of the exchange ratio

21. In accordance with the transaction structure described above, Schaeffler AG and Vitesco AG intend to merge Vitesco AG into Schaeffler AG pursuant to sections 4 et seq. UmwG.

**Exchange ratio**

22. Under German law, the executive bodies of Schaeffler AG and Vitesco AG are obliged in the context of the planned merger to conclude a merger agreement pursuant to sections 4 et seq. UmwG and to prepare a merger report which, pursuant to section 8 (1) no. 2 lit. a UmwG, must explain and justify the exchange ratio of the shares of the transferring and acquiring companies, including the valuation methods chosen to determine it, in legal and economic terms. The merger agreement must be audited by a merger auditor in accordance with § 9 UmwG. The audit report must include a statement as to whether the proposed exchange ratio of the shares is appropriate as consideration in accordance with Section 12 (2) UmwG .

23. The exchange ratio indicates how many shares in the acquiring company are granted in exchange for one or more shares in the transferring company. It results from the ratio of the equity values of the transferring company and the acquiring company, each divided by the number of shares issued. In this respect, the appropriateness of the exchange ratio is based on the principle of value equivalence. On the one hand, the shareholders of the transferring company must receive the full equivalent value for the transfer of their shares or assets and liabilities to the acquiring company. On the other hand, the shareholders of the acquiring company must not be unduly diluted by the issue of the new shares to the (existing) shareholders of the transferring company. The valuation date for determining the exchange ratio is not prescribed by law. As the circumstances of the transferring legal entity must be taken into account when passing the resolution on the planned merger when determining the cash compensation pursuant to Section 30 (1) sentence 1 UmwG - which, however, does not apply in the present case - the prevailing opinion is that the day on which the shareholders of the transferring company

approve the planned merger is also the relevant valuation date for determining the exchange ratio.[3]

24. With respect to the planned merger of Vitesco AG into Schaeffler AG, this means that the value of the 24,463,565 Vitesco AG shares to be contributed to Schaeffler AG (excluding the Vitesco shares held by Schaeffler AG), which corresponds to a shareholding of approx. 61.1%, corresponds to the value of the new shares to be issued by Schaeffler AG to the shareholders of Vitesco AG in return, which amount to 278,884,641 new Schaeffler common shares based on the exchange ratio. To the extent that Schaeffler AG itself holds shares in Vitesco AG, no new shares in Schaeffler AG will be issued in the course of the planned merger, without this having any effect on the determination of the exchange ratio, due to section 68 (1) sentence 1 no. 1 UmwG. In this respect, the determination of an appropriate exchange ratio requires the determination of the appropriate equity values of Vitesco AG and Schaeffler AG at the time of the Annual General Meeting of the transferring company resolving on the planned merger (for the time of the valuation, see the preceding explanations in note 23).

25. The valuation principles generally applied in the context of structural measures under German stock corporation law, such as the conclusion of a domination and profit and loss transfer agreement in accordance with Sections 291 et seq. AktG or a squeeze-out under stock corporation law in accordance with Sections 327a et seq. AktG, are generally recognized in case law and also widely accepted in business literature. Both the determination of the appropriate compensation pursuant to Section 305 AktG when concluding a domination and profit and loss transfer agreement and the appropriate cash compensation pursuant to Section 327a (1) AktG when carrying out a squeeze-out require the determination of an appropriate equity value of the company affected by the measure at the time of the Annual General Meeting resolving on the respective measure. Since not only the valuation objective for structural measures under stock corporation law is comparable to the ratio legis of Section 4 et seq. UmwG, but also the legislator's objective of protecting minority shareholders or outside shareholders from an unreasonable impairment of their financial position, the principles developed by case law on company valuation for structural measures under stock corporation law are generally also used for the present case, the assessment of the appropriateness of the exchange ratio, unless the specifics of a merger of two companies require a different assessment. Accordingly, the dividend discount value and the stock price have also been recognized in case law and literature as valuation methods for assessing the appropriateness of the exchange ratio.[4]

26. The principles for determining an objectified equity value in accordance with IDW S 1 to determine an appropriate compensation or an appropriate exchange ratio are generally recognized in case law. The objectified equity value represents an intersubjectively verifiable future suc-

---

[3] Cf. OLG Stuttgart AG 2011, 49; (in particular para. 269); Mayer, in: Widmann/Mayer, 176th supplementary edition; February 2019, Section 5 UmwG para. 131; Schröer/Greitemann, in: Semler/Stengel/Leonhardt, 5th ed. 2021, Section 5 UmwG para. 59; Hoffmann-Becking, in: MünchVertrHdB, vol. 1, form X.1 Note 7; Winter, in: Schmitt/Hörtnagl, 9th ed. 2020, § 5 UmwG para. 28; Wicke, in: Habersack/Wicke, 2nd ed. 2021, § 5 para. 49; Busse v. Colbe, FS Lutter, 1053, 1064; Hoffmann-Becking, FS Fleck, 1988, 105, 116f

[4] Cf. on the dividend discount method when calculating the exchange ratio: BVerfG of 24.5.2012, I BvR 3221/10, NZG 2012, 1035, 1037; BVerfG of 20.12.2010, 1 BvR 2323/07, DB 2011, 289; BVerfG of 26. 4. 2011, 1 BvR 2658/10, NZG 2011, 869, Mayer, in: Widmann/Mayer, 176th ed.Lfg.; February 2019, § 5 UmwG Rz. 98ff.; Winter, in: Schmitt/Hörtnagl, 9th ed. 2020, § 5 UmwG Rz. 28; Wicke, in: Habersack/Wicke, 2nd ed. 2021, § 5 para. 36ff; Gehling, in: Semler/Stengel/Leonhardt, 5th ed. 2021, § 8 UmwG para. 23. 869;; Drygala, in: Lutter, 6th ed. 2019, § 5 para. 35f;.

cess value from the shareholders' perspective. This results from the continuation of the company on the basis of the existing corporate concept and with all realistic future expectations within the framework of the market opportunities, risks and financial possibilities of the company as well as other influencing factors.

27. Due to the value relevance of personal income taxes, the tax situation of the shareholders must be typified depending on the reason for the valuation in order to determine the objectified equity value. Accordingly, personal income taxes are included in the valuation of Schaeffler and Vitesco and thus the direct standardization in accordance with IDW S 1 is applied.[5] In this typification, the perspective of a domestic natural person with unlimited tax liability is to be adopted and the corresponding personal income taxes are to be taken into account both in the determination of the cashflow figure to be discounted and in the determination of the capitalization rate (so-called Tax-CAPM).

## 2.2. Concept of business value according to IDW S 1 and DVFA

28. The equity value is determined by the purposeful interaction of all tangible and intangible assets present in the company. The valuation object does not have to be identical to the legal boundaries of the company; rather, the valuation object as defined in the contract, often according to economic criteria, is to be used as a basis.

29. Equity values are to be determined on the basis of events and points in time on the valuation date. The valuation must therefore only take into account the level of information that could have been obtained with reasonable care on the valuation date. In addition, only those factors are to be taken into account that had already been initiated or had already been sufficiently substantiated on the valuation date (so-called root theory).[6]

30. In general, a distinction is made in company valuation between overall and individual valuation methods. The overall valuation methods include company valuation methods based on capital value calculations, such as the different variants of the discounted cash flow method ("DCF method") and the dividend discount method as well as the multiple method. Individual valuation methods include, for example, the liquidation value and the net asset value.[7]

31. The equity value according to IDW S 1 is determined on the assumption of exclusively financial goals by the cash value of the financial surpluses to the company owners (so-called future earnings value) plus the value of any non-operating assets. The value is generally determined on the assumption that the company will continue as a going concern. To derive the present value of the financial surpluses, the cost of capital is used, which represents the return on an alternative investment that is adequate for the investment in the company being valued. Accordingly, the

[5] See WP Handbook 2021, point 294.

[6] See IDW S 1 margin no. 22, 32

[7] See Ballwieser/Hachmeister, 2013, p. 8.

objectified value of the company is derived solely from its earning power, i.e. its ability to generate financial surpluses for the company owners.[8] In theory and practice, the dividend discount method and variants of the DCF method are used for this purpose. Only in the event that the present value of the financial surpluses resulting from the liquidation of the entire company (so-called liquidation value) exceeds the going concern value is the liquidation value considered as the equity value.[9]

32. The future success value depends primarily on the company's ability to generate financial surpluses. A company valuation therefore requires a forecast of the company's withdrawable future financial surpluses. However, only those financial surpluses of the company that are at the disposal of the owners determine the value (so-called inflow principle).

33. The equity value can therefore be determined directly by net capitalization using the so-called dividend discount method or the equity approach as a variant of the DCF method (so-called "cash flow-to-equity approach") (so-called "equity approaches"). Alternatively, the equity value can also be determined indirectly by gross capitalization according to the concept of the weighted average cost of capital (WACC) using the so-called WACC approach, the adjusted present value approach or the total cash flow approach (APV approach or TCF approach) (so-called "entity approaches"). While in the direct calculation the (total) financial surpluses reduced by the borrowing costs are discounted in one step, the discounting in the indirect calculation relates to the financial surpluses from business activities and a subsequent reduction of the total enterprise value or entity value calculated in this way by the market value of the interest-bearing liabilities.

34. When determining the equity value in accordance with IDW S 1, the capital structure must be derived on the basis of the business concept documented as at the valuation date. According to IDW S 1, an optimization of the capital structure that could be implemented due to the influence of the majority shareholder, for example, is not relevant for determining the equity value.

35. In accordance with IDW S 1, the personal income taxes of the shareholders are usually taken into account when determining the equity value for structural measures under stock corporation and transformation acts in accordance with the principles of objectified equity value. Accordingly, in this Expert Opinion, the equity value of Schaeffler and Vitesco is also determined as the basis for the assessment of the exchange ratio under the assumption of direct standardization in accordance with IDW S 1, i.e. with typified consideration of personal income taxes (equity value after personal taxes) from the perspective of a domestic natural person with unlimited tax liability as shareholder. This determination of the dividend discount value after personal taxes corresponds to the valuation methodology generally accepted in case law in the context of structural measures under stock corporation and transformation acts.

[8] See IDW S 1 para. 25.

[9] See IDW S 1 para. 101.

36. At the time of preparing this Expert Opinion, IDW S 1 in the version dated April 2, 2008 is being revised by the Institute of Public Auditors in Germany. Accordingly, a new version of IDW S 1 could be published in the near future, although this is not yet known. It is also not foreseeable what changes the revised version of IDW S 1 will bring and whether and how it would affect the company valuations of Schaeffler and Vitesco.

37. According to the DVFA-Recommendations, the valuation concept of the "market participant" is to be applied as a typification standard for determining the fundamental value to be derived. The DVFA recommendations thus focus much more strongly on the empirically observable perspective of real company acquirers. This is concretized in the principle of method diversity, i.e. that the multiple method is basically on an equal footing with the cash flow-oriented discounting methods. Value ranges and specific assumptions on the approach of the market participant are to be presented transparently. Personal income taxes are not included - unlike in the determination of the objectified equity value in accordance with IDW S 1.

## 2.3. Valuation based on the dividend discount method or DCF method

38. In accordance with IDW S 1, the equity value can be determined on the basis of one or more variants of the DCF method or the dividend discount method.[10] If applied appropriately and with consistent assumptions, the choice of valuation method within the DCF methods (cash flow-to-equity, WACC, APV and total cash flow approach) or the dividend discount method has no influence on the equity value. In accordance with IDW S 1, these valuation methods based on net present value calculations are therefore to be regarded as equivalent.[11]

39. The planning of the financial surpluses is usually carried out in at least two phases. The first, so-called detailed planning phase usually covers a period of three to five years and is generally based on a detailed business plan of the valuation object. As the valuation object is usually not yet in the "steady state" required for the continuation phase at the end of the detailed planning phase, corresponding assumptions must be made in the second phase, the so-called "convergence phase", for example with regard to longer-term investment or product life cycles to derive the sustainable financial surpluses. The third phase, the so-called continuation phase ("terminal value" or "TV" or "perpetuity"), assumes an equilibrium or steady state for the valuation object. In this phase, the annual financial surpluses are assumed to be constant or growing at a constant rate.[12]

40. In the context of structural measures under stock corporation and transformation acts, the determination of the dividend discount value after personal taxes in accordance with IDW S 1 is the valuation method generally accepted in case law. Accordingly, the equity values of Schaeffler and Vitesco are determined below using the objectified equity value in accordance with IDW S 1 on the basis of the dividend discount method after personal taxes. In addition, the

---

10 See IDW S 1, margin no. 7.

11 See IDW S 1, margin no. 101.

12 See IDW S 1, margin no. 75 ff.

equity values of Schaeffler and Vitesco are determined using the DCF method before personal taxes in accordance with the DVFA recommendations.

### 2.3.1 Determination of the dividend discount value (after personal taxes)

41. With the dividend discount method, the dividend discount value is calculated directly by discounting the distributions due to the equity providers after personal taxes with the cost of equity after personal taxes as at the valuation date. The equity value results from the dividend discount value less the value attributable to non-controlling shareholders ("minority interests") and plus special items.

42. With the dividend discount method after personal taxes, the cash flow relevant to the valuation is determined on the basis of the annual result (before minority interests). The net investments in fixed assets, the investments in the net current assets and the changes in the interest-bearing liabilities due to changes in the planned capital structure, which in total correspond to the earnings retention, must be deducted.

| | |
|---|---|
| **Operating result (EBIT)** | |
| -/+ | Financial and investment result |
| - | Taxes on income and earnings |
| **=** | **Annual result (before minority interests)** |
| - | Profit retention |
| **=** | **Financial surplus** |
| | *of which dividend distribution (less withholding tax + SolZ (26.4%))* |
| | *of which notional reinvestments (less half withholding tax + solidarity surcharge (13.2%))* |
| **=** | **Financial surplus after personal taxes** |

43. Due to the consideration of personal taxes as part of the dividend discount method in accordance with IDW S 1, assumptions regarding the dividend distribution policy or dividend payout ratio are required.

44. The consistent consideration of typified personal tax consequences requires a valuation-based division of the financial surpluses (after profit retention, i.e. necessary retention based on the planning assumptions for the investment program and capital structure) into a dividend portion on the one hand and a fictive retained portion on the other. This distinction is necessary as dividends and capital gains (fictive retained earnings) are subject to different effective tax rates at shareholder level.

#### Minorities

45. As minorities are initially not taken into account when deriving the financial surpluses, a separate valuation of the financial surpluses attributable to minorities is carried out. The value of

minority interests is determined by discounting at the cost of equity. The present value calculated in this way is then deducted from the calculated dividend discount value.

**Special items**

46. Items that cannot or only incompletely be reflected in the determination of the dividend discount value must be valued separately. Special items include, in particular, assets that are not required for operations. Non-operating assets are assets that are not required to generate financial surpluses as part of the company's actual operating activities. These include, for example, cash and cash equivalents not required for operations, business premises no longer in use or works of art.

47. Furthermore, special tax items can also be determined as special items for reasons of transparency or complexity.

**Equity value**

48. The consideration of minority interests and special items in addition to the dividend discount value leads to the equity value ("company value") of the valuation object.

| | |
|---|---|
| **Dividend discount value after personal taxes** | |
| - | Minorities |
| +/- | Special items |
| **=** | **Equity value** |

### 2.3.2 Determination of the DCF value (before personal taxes)

49. In addition to determining the dividend discount value after personal taxes, the equity values of Schaeffler and Vitesco are determined using the DCF method before personal taxes in accordance with DVFA recommendations.

50. In the cash flow-to-equity approach, the DCF value is calculated directly by discounting the cash flow attributable to the equity providers ("cash flow-to-equity") with the levered cost of equity to the valuation date.

51. In the cash flow-to-equity approach, the cash flow relevant to the valuation is determined on the basis of the annual result (before minority interests). Gross investments in fixed assets less depreciation, investments in net current assets and the changes in interest-bearing liabilities resulting from the planned capital structure, which in total correspond to the retention of earnings, are deducted from this.[13] In addition, the changes in equity resulting from capital increases and decreases must be taken into account.

[13] This only applies if no equity measures are to be taken into account.

**Operating result (EBIT)**

| | |
|---|---|
| -/+ | Financial and investment result |
| - | Taxes on income and earnings |
| = | **Annual result (before minority interests)** |
| + | Depreciation |
| - | Gross investments (CAPEX) in fixed assets |
| -/+ | Change in net current assets (incl. operating cash and cash equivalents) |
| -/+ | Change in Interest bearing liabilities |
| - | **Profit retention** |
| = | **Cash flow to equity or financial surplus** |

52. As the cash flow-to-equity corresponds to the financial surpluses to be distributed to the equity providers, the cash flow-to-equity is to be discounted with the levered cost of equity. The DCF value is calculated before personal taxes of the shareholders and thus takes into account the so-called indirect standardization in accordance with IDW S 1.

53. Similar to the calculation of the dividend discount value after personal taxes, minority interests are also initially not taken into account when deriving the financial surpluses in the pre-tax analysis. The value of minority interests is determined by discounting at the cost of equity and deducted from the calculated DCF value.

54. Furthermore, items that cannot or only incompletely be reflected in the determination of the DCF value must generally be valued separately as part of the determination of a Special item.

55. The consideration of minority interests and special items in addition to the DCF value leads to the equity value of the valuation object.

**DCF value before personal taxes**

| | |
|---|---|
| - | Minorities |
| +/- | Special items |
| = | **Equity value** |

## 2.4. Relevance of stock prices

**The importance of stock prices in company valuation**

56. Based on supreme court rulings, the stock price must not be disregarded in the case of structural measures of listed companies under stock corporation law.[14] While this was initially decided in the case of the conclusion of intercompany agreements,[15] the Federal Constitutional

[14] Cf. BVerfG, decision of April 27, 1999 - 1 BvR 1613/94, BGH, decision of March 12, 2001 - Ref. II ZB 15/00 and BGH, decision of July 19, 2010, Ref. II ZB 18/09.

[15] Cf. BVerfG, decision of April 27, 1999 - 1 BvR 1613/94.

Court ("BVerfG") has since clarified that the principles and requirements formulated there are to be applied accordingly to mergers.[16]

57. The German Federal Court of Justice ("BGH") has also recently confirmed that the stock price of a company can be suitable for adequately reflecting both its past and future earnings prospects in individual cases.[17]

58. The fact that, pursuant to Section 31 (2) WpÜG, the appropriate consideration for the shares of the target company to be acquired can be granted in the form of liquid shares of the bidder at an appropriate exchange ratio in the event of a takeover bid also speaks in favour of taking the stock price into account. The shares of the bidder to be granted in a certain exchange ratio are appropriate as consideration if they are sufficiently liquid and the equivalent value of the shares of the target company transferred in return can be realized in cash by the shareholders of the target company through the sale on the stock exchange.[18] The legislator expressly confirmed this fundamental assessment when enacting the new Section 255 AktG.

59. In accordance with the DVFA recommendations, the stock price generally represents an independent valuation method.

### Constitutional requirements

60. In the context of mergers, when determining an exchange ratio, it is constitutionally required to take into account the volume-weighted three-month average share price (prior to the announcement of the measure) of the transferring company as the lower limit for the valuation of the transferring company.[19] The only exception is if the stock price does not correspond to the market value (i.e. true value) of the share due to market manipulation, insider trading or thin markets.[20]

61. In accordance with the procedure of the German Federal Financial Supervisory Authority ("BaFin"), the calculation of the three-month average price only includes those transactions that were carried out with the shares in question on an organized market in Germany.[21] However, according to court rulings, transactions carried out on the open market are generally taken into account when deriving the three-month average price.[22]

62. However, from a constitutional point of view, the stock price of the acquiring company does not need to be taken into account as the upper limit for the valuation of the acquiring company.[23] The relative valuation of the companies involved in the merger on the basis of stock

---

[16] Cf. BVerfG, decision of April 26, 2011 - 1 BvR 2658/10, BVerfG, decision of May 24, 2012 - 1 BvR 3221/10.

[17] BGH, decision of 21.2.2023 - II ZB 12/21.

[18] See OLG Frankfurt a.M., decision of January 11, 2021, case no. WpÜG 1/20.

[19] Cf. BVerfG, decision of April 27, 1999 - 1 BvR 1613/94.

[20] Cf. BVerfG, decision of April 27, 1999 - 1 BvR 1613/94.

[21] For the definition of organized markets, see Section 2 (11) of the German Securities Trading Act (WpHG) in conjunction with Section 1 (1) and Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG). §Section 1 (1), Section 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG).

[22] OLG Hamburg, decision of September 7, 2020 - 13 W 122/20, OLG Düsseldorf, decision of November 28, 2022 - 26 W 4/21.

[23] Cf. BVerfG, decision of April 27, 1999 - 1 BvR 1613/94.

prices therefore does not represent the lower limit for determining the exchange ratio for the purposes of the merger from the perspective of the shareholders of the transferring legal entity. Such a most-favoured-principle has been rejected by case law.[24] This is because any improvement in the exchange ratio in favour of the shareholders of the transferring legal entity simultaneously leads to a dilution of the shares of the existing shareholders of the acquiring legal entity. It is also expressly recognized in case law that there is no obligation to determine the company value on the basis of a method that is more favourable for the shareholders of one of the companies involved in the merger, as this always means a deterioration for the shareholders of the other company.[25] The legislator also stipulates an appropriate exchange ratio in both directions in this sense.

Possibility of determining an exchange ratio based on the stock prices of both companies

63. Irrespective of the constitutional requirements to take into account the share price of the transferring legal entity, in the case of listed companies, the stock prices of both participating companies can also be used to determine the value proportions under certain conditions. In a recent decision, the BGH expressly confirmed the comparison of the stock prices of both companies involved as an independent valuation method.[26] Accordingly, the use of the market-oriented valuation method in the form of stock prices is generally permissible and only raises concerns where this method is unsuitable due to the circumstances of the individual case.[27] In this context, case law always emphasizes that the Basic Law does not stipulate a specific method for company valuation.[28] This means that different methods of company valuation can be unobjectionable under constitutional law without at the same time being required under constitutional law.[29] Even if it may be possible to determine a settlement or value proportions on the basis of the stock prices of the companies involved, taking into account the special circumstances of the individual case, it does not follow that such an approach is legally mandatory or that the market value-oriented valuation is fundamentally superior to other valuation methods.

64. The consideration of the stock prices of both participating legal entities is based on the assumption that the market participants, on the basis of the information and information possibilities made available to them, correctly assess the earning power of the company whose shares are at issue and that the market valuation is reflected in the stock price of the share. The BGH does not assume that the capital market is strictly allocation- and information-efficient with regard to the shares, i.e. that a state of perfect competition prevails and that all public and non-public information that is accessible in principle is correctly processed in the share prices.[30] However, if, in a specific case, it cannot be assumed that market participants are able to effectively evaluate information, so that the stock price does not allow a reliable statement to be made about

[24] BVerfG, decision of April 26, 2011 - 1-BvR 2658/10 (Telekom/T-Online), para. 24 juris.

[25] OLG Düsseldorf, decision of 18.08.2016 - 26 W 12/15 AktE, R. 55.

[26] BGH, decision of 21. 2. 2023 - II ZB 12/21.

[27] BGH, decision of 21.02.2023 - II ZB 12/21, R. 31.

[28] BVerfG, decision of 26.04.2011 - I BvR 2658/10, R. 23.

[29] BVerfG, decision of 26.04.2011 - I BvR 2658/10, R. 23.

[30] BGH, decision of 21.2.2023 - II ZB 12/21, para. 20 juris.

the market value of the shareholding, the share value cannot be determined using the stock price, according to the case law of the Federal Court of Justice.[31]

65. Depending on the quantitative relationship between supply and demand and the company owners' ability to influence company policy (e.g. sole ownership, qualified or simple majority, preference shares, blocking minority or free float), established stock prices may deviate to a greater or lesser extent from the equity value or the proportionate share in the equity value, meaning that the relevant stock price may be unsuitable as a starting point for directly deriving the equity value. In addition, there are a number of reasons why the value cannot be determined directly or indirectly from stock prices, as these can be influenced by numerous special factors, such as the size and narrowness of the market, random revenues, special market situations and speculative market movements. In addition, the use of stock prices as a basis for the equity value cannot replace a fundamental valuation if this valuation uses a better and broader information basis than the capital market as at the relevant reporting date of the volume-weighted three-month average price (so-called "3M VWAP" or "three-month average price"), such as the approved business plan or acquisitions not yet known to the capital market.[32]

66. According to IDW S 1, stock prices should therefore only be used to assess the plausibility of equity values and share values as prices actually paid for companies and company shares - provided they are comparable with the valuation object and sufficiently close in time.[33] Business management literature also considers a fundamental company valuation to be necessary in order to be able to assess the informative value of a stock price and, in particular, the effective information valuation by market participants with sufficient certainty.[34]

67. For an overall assessment, it will therefore continue to be necessary to regularly carry out a fundamental company valuation (dividend discount method or DCF method) even in the case of an information-efficient stock market valuation, even after the BGH's decision of February 21, 2023, and not to forego such a valuation.

### Significance of stock prices for different classes of shares

68. The relevant question in the present case has not yet been decided by the courts as to whether stock prices that have formed in trading in shares of a class other than the shares issued as part of the structural measure can be taken into account in the valuation. In relation to the merger of Vitesco with Schaeffler, the question therefore arises as to whether the price of the previously listed non-voting preference shares of Schaeffler can be used for valuation purposes, although the Vitesco shareholders will be granted voting common shares in the course of the merger (which are currently not listed).

69. In practice, it has been shown that the prices of both classes of shares differ, sometimes even significantly, in companies where both preference and common shares are listed. This suggests

[31] BGH, decision of 21.2.2023 - II ZB 12/21, para. 20 juris.

[32] FAUB, WPg 2023, 765; see also Popp, AG 2023, 801.

[33] Cf. IDW S 1, para. 13; Expert Committee for Business Valuation and Business Administration of the IDW (FAUB), AG 2021, 588 et seq.

[34] See only FAUB, WPg 2023, 765; Ruthardt/Popp, AG 2020, 240/246.

that, at least in the case of different classes of shares, the value proportions cannot be determined solely on the basis of the ratio of the stock prices, if at all.

## 2.5. Comparative valuation using the multiple method

70. In addition to deriving the dividend discount value after personal taxes in accordance with the principles of IDW S 1, equity values are determined using the multiple method in addition to the equity value before personal taxes determined on the basis of the DCF method to check plausibility.

71. The multiple method represents a comparative market valuation. According to this method, the value of the company is calculated as the product of a reference figure (often revenue or earnings figures) of the company with the corresponding multiple, which is regularly derived from suitable comparable companies ("peer group"). Analogous to the DCF and dividend discount method, so-called "enterprise multiples" and "equity multiples" can be used. In the case of enterprise multiples, the total enterprise value is first determined, which is reconciled to the equity value by deducting interest-bearing liabilities and minority interests and taking into account special items. Interest bearing liabilities, on the other hand, do not need to be deducted in the case of equity multiples.

72. In accordance with the principles of IDW S 1, the multiple method is not an equal-ranking method of business valuation, but merely a simplified pricing method. According to the principles of IDW S 1, the multiple method can only be used to check the plausibility of the results of the valuation using the dividend discount method or DCF method.[35]

73. The DVFA recommendations are based on the perspective of the market participant, who applies various valuation methods, generally multiples-based methods and valuation methods based on net present value calculations, alongside each other and makes decisions on the basis of various analyses. In the DVFA recommendations, the multiples-based valuation is therefore generally of equal importance to other methods,[36] unless industry-specific, company-specific or valuation occasion-specific characteristics justify the preference for a particular method.

74. The theoretical foundation of multiple valuation is the so-called "Law of One Price", which states that identical goods should be traded on the same market at the same price, as otherwise there would be arbitrage opportunities. In a broader sense, it can also be understood to mean that comparable assets (e.g. companies or company shares) should be traded at comparable prices.

75. In the valuation using multiples, value-forming reference figures of comparable companies, usually earnings and surplus figures such as revenue, EBITDA and EBIT etc., are set in relation to their observable market prices and the ratios determined in this way (the multiples) are transferred to the company to be valued. It is assumed that there is a proportional relationship

---

35 See IDW S 1, margin no. 143 ff.

36 See DVFA recommendations, 2012.

between the underlying reference values and the total enterprise value. The aforementioned reference figures are used as an alternative, as no forecasts are regularly prepared and published by analysts for cash flow and return on capital (especially for the peer group). The key feature of the multiple method is that observable prices serve as the starting point for the valuation. However, in order to establish the necessary equivalence with the company to be valued, these prices are adjusted in order to obtain an estimate of the total fundamental value of the company. Such adjustments may be necessary, particularly in the event of distorted market pricing due to external shocks (e.g. as a result of the financial and economic crisis).

76. One advantage of the multiples-based company valuation is its strict market orientation. The underlying price ratios are observable and are actually paid on capital markets and/or in company transactions. On the other hand, this valuation method (as well as the derivation of the cost of capital from capital market data) is also subject to market imperfections and inefficiencies, which can lead to deviations between observable prices and intrinsic values and must be corrected by the valuer. Particularly in times of crisis, the available market prices must be critically assessed due to possible distortions and special situations.

77. In the following, internal company projections and information are therefore used for the valuation based on multiples, as is the case for the discounting method. The multiples determined for the peer group companies are applied to the reference values realized and those planned by the company management (on the basis of the same business plan used in the DCF or dividend discount method). However, the period available for the forecast is significantly shorter than when using valuation methods based on net present value calculations.

78. The multiple results from the ratio of the price to the reference value of the comparable company. Analyses are regularly based on multiples of the past twelve months or the past year (so-called " last twelve months multiples" or "LTM multiples") as well as the following years (so-called "forward multiples"). In principle, forward-looking multiples are preferable for market price-oriented valuation. Historical multiples, such as LTM multiples, can be distorted by special effects. Forward-looking multiples, on the other hand, are typically based on normalized estimates by analysts, while LTM multiples are based on actual values. LTM multiples are primarily used for transaction multiples in order to maintain time congruence.

## 2.6. Standard for checking the plausibility of the business plan

### IDW S 1

79. In accordance with IDW S 1, the objectified equity value represents an intersubjectively verifiable future success value from the shareholders' perspective. This results from the continuation of the company on the basis of the existing business concept and with all realistic future expectations in the context of market opportunities and risks, the financial possibilities of the company and other influencing factors.[37] Thus, the valuation of a company is based on the earning

[37] See IDW S 1 as amended in 2008, margin no. 29.

power existing on the valuation date and reflects the chances of success that arise on the valuation date from measures already initiated or sufficiently substantiated as part of the existing business concept. Possible measures that have not yet been sufficiently substantiated and the financial surpluses that are likely to result from them are not taken into account when determining the objectified equity value.[38] Furthermore, the plausibility of the forecast of future financial surpluses must be assessed by the valuation expert.[39] The future financial surpluses must be derived from a consistent and integrated business plan (financial model), consisting of Profit & Loss Statement, balance sheet planning and cash flow statement.[40]

80. In addition, IDW Practice Note 2/2017[41] specifies the standards that should be applied when checking the plausibility of the business plan. The plausibility of the business plan should be checked in the following three areas:

- Mathematical and formal plausibility,
- Internal plausibility,
- External plausibility.

81. The first step is usually the mathematical and formal review of the business plan. This involves checking the accuracy of the calculations and the consistency of the assumptions between the sub-plans. The first substantive assessment then takes place during the internal plausibility check. On the one hand, this consists of comparing the business plan with the strategic and operational objectives of the management. Secondly, a company analysis should be carried out, i.e. an analysis of the past and an assessment of the company's potential and its consistency with the business plan. Finally, the business plan must also be checked for plausibility using external benchmarks. This includes both general market analyses and the analysis of the specific competitive environment of the company to be valued. The external plausibility check ensures that the company's projections do not contradict macroeconomic, revenue market-specific and competition-relevant developments and forecasts. In particular, the SWOT analysis, in which the key internal and external factors are analysed in a condensed form, is essential for the external plausibility check of the business plan.

### DVFA recommendations

82. In accordance with our engagement, we have supplemented the plausibility check of the business plan in accordance with IDW S 1 with an assessment of the business plan under the value concept of a "market participant", as provided for in the DVFA recommendations for business valuation. According to this, the market participant values the company on the basis of an assumed company policy planned for the future. In addition to planned investments in fixed and current assets, acquisitions and/or divestments, this also includes assumptions regarding the

---

[38] See IDW S 1 as amended in 2008, margin no. 32.

[39] See IDW S 1 as amended in 2008, margin no. 81.

[40] See IDW S 1 as amended in 2008, margin no. 27 in conjunction with margin no. 81. No. 81.

[41] See IDW Practice Note: Assessment of corporate planning in valuation, restructuring, due diligence and fairness opinion, 2/2017.

company's financing policy and capital structure. These assumptions must be consistent with regard to the market participant, whereby the acquirer would not take into account purely buyer-specific synergies or value-determining factors when determining the purchase price offered.[42] The basis is the integrated business plan (consisting of Profit & Loss Statement, balance sheet planning and cash flow statement) based on the actual expectations and the level of knowledge of the assumed market participant on the valuation date, taking into account the principle of value clarification.[43]

83. The standard to be applied in accordance with the DVFA recommendations for checking the plausibility of the projections on which the valuation is based thus relates to the arithmetical accuracy, the consistency of the premises on which the planning assumptions are based, the absence of contradictions and the analysis of whether the business plan is consistent with the fictitious assumptions of a market participant.

84. For further interpretation of the concept of the market participant and the business plan to be assumed by this acquirer, the concept of the usual market participants (so-called market participants) established by the IFRS 13 accounting standard for determining fair values (so-called fair value measurement) can be used.[44] According to this, the fair value of an asset is measured on the basis of the assumptions that market participants would make when pricing the asset, whereby the market participants act in their best economic interest.[45] At the same time, the market participant's ability to generate economic benefits from the use of the asset must be taken into account.[46] Assuming a fictitious negotiation situation, a rational buyer in a typical market will determine his marginal price for the acquisition of the asset under the assumption of optimal economic utility. However, a rational buyer typical of the market will only pay a premium to the extent necessary to secure the acquisition of the shares and thus to optimize his own value. In this respect, purely buyer-specific synergies are not to be taken into account in the business plan and valuation when assuming a market participant.

85. The assumption of optimal economic use of the asset by the market participant is not to be understood as a most-favoured-principle, which would lead to a Projection that is no longer realistic, plausible or based on consistent premises. At the same time, optimal economic utilization does not exist if the underlying planning assumptions turn out to be obviously conservative, pessimistic or even too optimistic or are even based on false facts. In this respect, the DVFA recommendations are in line with the business literature, which calls for the use of expected values to derive equity values with risk-adjusted capital costs.

[42] See DVFA recommendations, 2012, p. 11.

[43] See DVFA recommendations, 2012, p. 13.

[44] See IFRS 13, Appendix A: The standard defines fair value on the basis of a "disposal price" and introduces a fair value hierarchy, which leads to a market-based and not company-specific valuation. According to IFRS 13, fair value is “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

[45] See IFRS 13, note 22.

[46] See IFRS 13, note 27.

**Standard used to check the plausibility of the business plan**

86. As part of the determination of the equity values of Schaeffler and Vitesco, we analyse the basic structure of the projections, the respective planning process and the respective planning accuracy in the past in order to check the plausibility of the projections. The relevant benchmark with regard to the business plan on which the company valuation is based is confirmed and substantiated by the supreme court rulings of the German Federal Constitutional Court (BVerfG). Accordingly, planning expectations must be based on accurate information, build on realistic assumptions and must not be contradictory.[47] As an independent determination of the equity values is to be carried out in accordance with the contract, the plausibility of the projections was checked accordingly.

87. In accordance with IDW S 1, the DVFA recommendations and case law, the plausibility standard for the Schaeffler and Vitesco business plans on which the valuation is based relates to the arithmetical accuracy, consistency and coherence of the premises on which the projections are based.

88. Key figures-based analyses of historical and planned results are carried out with reference to the respective business strategy and the general market environment. The analyses include benchmarking with historical results and a comparison with analyst estimates for the peer group companies.

## 2.7. Liquidation value

89. Liquidation values and net asset values are referred to in the literature as individual valuation methods, in contrast to overall valuation methods such as the dividend discount method or DCF method. The liquidation value is used as the lower value limit in the principles of IDW S 1 and the DVFA recommendations. This is explicitly based on the "most advantageous" realization possible.[48] The liquidation value must therefore be compared with the results of the valuation methods described above.

90. If it proves to be more advantageous overall to sell the individual assets or self-contained parts of the business separately than to continue the business as a going concern, the sum of the net proceeds achievable as a result should generally be taken into account as the liquidation value, provided there are no legal or factual constraints to the contrary.[49]

91. The value of the assets to be liquidated is determined by the revenue market for the assets to be liquidated. Intangible assets, land and buildings as well as technical equipment and inventories can be of particular importance here, as significant hidden reserves are to be expected in these assets.

---

[47] Cf. BVerfG, 1 BvR 3221/10 of 24.05.2012, para. 12.

[48] Cf. DVFA recommendations, 2012 p.8.

[49] See IDW S 1, para. 5, 140 f.

92. In addition, the assumed speed of liquidation has a significant influence on the value of the assets. In principle, an accelerated liquidation within a short period of time ("break-up") means that, on the one hand, the financial surpluses from the break-up accrue relatively early, but on the other hand, negative effects on the conditions of sale, in particular the expected price level, are also to be expected. In contrast, in the case of a scheduled liquidation over several years ("wind-up"), there are generally more favourable conditions for disposal, but the liquidation proceeds generated in the process sometimes accrue much later and must be discounted to the time of liquidation for reasons of comparison.

93. Existing liabilities must be deducted from the asset value determined in this way at their redemption amount. Liability items that only arise as a result of the liquidation, e.g. social plan obligations, as well as obligations that are eliminated as a result of liquidation, such as provisions for expenses and goodwill, must be taken into account accordingly when determining the value. In a further valuation step, the surpluses are reduced by expected liquidation costs incurred in connection with the sale and to be borne by the company to be liquidated, as well as income taxes on any liquidation gain.

94. Furthermore, due to the positive market value/book value ratio, no liquidation value was determined, as it is not decisive. The planned return on capital employed (ROCE) is always higher than the total cost of capital in the planning period from 2026, in the convergence phase and in perpetuity, meaning that it can be assumed that a going concern is more advantageous than liquidation.[50]

95. The valuation of the substance (net asset value) from a replacement point of view leads to the so-called reconstruction value of the company, which only represents a partial reconstruction value due to the general lack of intangible values. However, the net asset value or reconstruction value has no independent significance for determining the overall value of a going concern.[51] Net asset values were therefore not determined with regard to the reason for the valuation.

## 2.8. Consideration of synergies in the context of IDW S 1 and DVFA

96. According to both IDW S 1 and the DVFA recommendations, synergies are to be recognized accordingly in the company valuation.

97. Pursuant to IDW S 1, synergy effects are considered to be the change in the financial surpluses resulting from the economic combination of two or more enterprises and deviate from the sum of the surpluses that arise in isolation. Furthermore, a differentiation must be made between so-called real (*echte Synergien*) and pseudo synergies (*unechte Synergien*) when determining an objectified business value under IDW S 1.[52] Pseudo synergies are characterized by the fact

[50] See chapter 4.6.5 and chapter 5.6.5.

[51] See e.g. Ballwieser/Hachmeister, 2013, p. 207 and IDW S 1 as amended in 2008, para. 6.

[52] See IDW S 1 as amended in 2008, margin no. 33 ff.

that they can also be realized without the implementation of the measure on which the valuation is based. The financial surpluses resulting from pseudo synergies are generally to be taken into account when determining an objectified equity value, but only insofar as the synergy-generating measures have already been initiated on the valuation date, are documented in the business concept or have already been sufficiently substantiated.[53] In contrast to this, real synergy effects only result from the measure on which the valuation is based and are not to be taken into account in the business valuation.

98. In an assumed fictitious negotiation situation, the market participant will not take into account its purely buyer-specific synergies or value-determining factors when determining the purchase price offered. Purely buyer-specific synergies are independent of the definition of real (*echte Synergien*) or pseudo synergies (*unechte Synergien*) in IDW S 1. Thus, purely buyer-specific synergies represent the share of the total synergy potential that is exclusively attributable to the specific buyer or majority shareholder, regardless of the reason for the valuation. These are not to be taken into account in the valuation. In contrast, synergies that can be realized by any market participant must be taken into account in the valuation ("market participant synergies").

[53] See IDW S 1 as amended in 2008, margin no. 34; also in contrast to IDW S 1 as amended in 2005.

# 3. MARKET AND COMPETITIVE ENVIRONMENT

## 3.1 Macroeconomic situation and outlook

99. In order to assess the economic situation as of the valuation date and the future development of Schaeffler and Vitesco, a fundamental analysis of the (macro-)economic environment as well as an estimate of its overall economic development is required.

100. In this context, the macroeconomic environment is analysed on the basis of real gross domestic product ("GDP") growth and the consumer price indices of the relevant regions.

101. Schaeffler's and Vitesco's revenue is largely generated in the following regions: Europe (esp. Germany), North America (esp. the U.S.), and Asia/Pacific (esp. China). Against this background, these regions are examined in more detail below, with a focus on Germany, the Euro area, the USA and China. Information from the International Monetary Fund ("IMF") is used in particular.[54]

### Development of gross domestic product

Percentage change in real gross domestic product

| | | | | | | | | | Estimates | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| World | 3.4 | 3.2 | 3.8 | 3.6 | 2.8 | -2.8 | 6.3 | 3.5 | 3.1 | 3.1 | 3.2 | 3.2 | 3.1 | 3.1 |
| Euro area | 2.0 | 1.9 | 2.6 | 1.8 | 1.6 | -6.1 | 5.6 | 3.4 | 0.5 | 0.9 | 1.7 | 1.7 | 1.5 | 1.3 |
| Germany | 1.5 | 2.2 | 2.7 | 1.0 | 1.1 | -3.8 | 3.2 | 1.8 | -0.3 | 0.5 | 1.6 | 1.9 | 1.3 | 0.9 |
| United States | 2.7 | 1.7 | 2.2 | 2.9 | 2.3 | -2.8 | 5.9 | 1.9 | 2.5 | 2.1 | 1.7 | 2.1 | 2.1 | 2.1 |
| China | 7.0 | 6.9 | 6.9 | 6.8 | 6.0 | 2.2 | 8.5 | 3.0 | 5.2 | 4.6 | 4.1 | 4.1 | 3.7 | 3.4 |

*Source: International Monetary Fund, World Economic Outlook, October 2023 and January 2024*

102. The Covid-19 pandemic significantly reduced global and European economic output in 2020. Lockdowns, factory closures, uncertainty on the capital markets, complications in supply and logistics chains and many other factors led to significant declines in the supply of and demand for certain goods and services in most economies, causing a considerable slump in economic growth. In the eurozone, GDP fell by 6.1% in 2020 compared to 2019, even exceeding the 4.5% decline in GDP caused by the global financial crisis in 2009. GDP in Germany also fell significantly in 2020 compared to the previous year, albeit less sharply than in the eurozone. The government aid programs and economic stimulus packages in response to particularly hard-hit companies cushioned the decline in GDP in some European countries. In Germany, for example, a temporary reduction in VAT in 2020 led to an increase in citizens' purchasing power and thus to increased demand for companies' products.

103. In the euro area, part of the decline in GDP due to the Covid-19 pandemic was already compensated for in 2021. This led to significant catch-up effects in demand in the eurozone, resulting in an increase in GDP of 5.6%. In the USA, GDP growth of around 5.9% in 2021 more than compensated for the decline in 2020. China still recorded GDP growth of around 2.2% in 2020,

[54] See International Monetary Fund (2023), World Economic Outlook, October 2023.

the year of the Covid-19 pandemic. Similar to the other regions under review, a significant increase in GDP growth to 8.5% was observed in China in 2021.

104. In 2022, global economic output grew by 3.5%. This growth reflects both the higher growth figures in developing countries and the declining growth rates in industrialized countries. Since February 24, 2022, the general conditions for the economy in the euro area have deteriorated with the start of the war in Ukraine. Nevertheless, GDP in the euro area continued to grow relatively strongly by 3.4% in 2022. Depending on the military and political events surrounding the war in Ukraine, the economic conditions may change rapidly. Assumptions about geopolitical developments are required to estimate the macroeconomic consequences. It cannot necessarily be assumed that the war in Ukraine will end in the foreseeable future. In general, the war in Ukraine, among other things, is currently still leading to stagnating GDP and high inflation, which is resulting in increased uncertainty for the economy as a whole. This uncertainty was reflected in volatile capital market data until the end of 2022. The main drivers of these developments are the rise in energy, commodity and food prices as well as the sanctions and foreign trade restrictions with Russia, which are further exacerbating the supply bottlenecks in some economic sectors already caused by the Covid-19 pandemic.

105. According to the IMF, the causes and measures that influenced or slowed down the global economy in 2022 - tight monetary measures by central banks to reduce inflation, limited fiscal buffers with historically high debt levels, increased electricity and gas prices, price fluctuations in commodities and geo-economic fragmentation due to the war in Ukraine and China's economic reopening - continued in 2023.

106. Global GDP growth is expected to fall from 3.5% in 2022 to 3.1% in 2023 and 3.1% in 2024. In the long term, the IMF is forecasting global growth of just over 3% from 2025 onwards, supported in particular by a long-term decline in inflation.

107. The euro area has recorded lower GDP growth than the global average in recent years. This is due to the fact that this largely includes industrialized countries, which, in contrast to the emerging markets, are growing less strongly. A significant year-on-year decline in growth is expected in the euro area in 2023. After an increase of 3.4% in 2022, real growth of just 0.5% is forecast for 2023. The decline in real GDP in Germany is one of the key factors here. This development is primarily due to a slump in interest-sensitive sectors as well as lower demand from trading partners and comparatively low production output. Growth expectations in the euro area are expected to recover in 2024, for which real growth of 0.9% is forecast, and subsequently increase to 1.7% by 2025 and then stabilize at a long-term level of around 1.3% in 2028.

108. The ifo Institute and the IMF estimate that German GDP will have fallen by 0.3% in 2023. According to the IMF, this outlook is partly due to the disruption of gas supplies from Russia last year. This disruption led to a rise in inflation, which in turn led to a fall in real wages and consumption. In addition, Germany reduced production in energy-intensive industries, as the sharp fluctuations in energy prices had a significant impact on cost structures. The construction industry is also being burdened by higher financing costs. In the medium term, Germany faces long-term challenges that could affect future growth. These include the fourth-fastest ageing

population in the world[55] and weak productivity growth.[56] Furthermore, according to the IMF, a 20% increase in energy prices above the average level of 2018 and 2019 could lead to a 1.2% decline in German potential output in the medium term.[57] The IMF and the ifo Institute expect GDP to increase by 0.5% and 0.9% respectively in 2024, as rising wage income, higher employment and lower inflation should stabilize or increase purchasing power and thus overall economic demand.[58] In the long term, Germany is expected to record relatively low GDP growth of 0.9% until 2028, in particular due to the expected demographic changes.[59]

109. The IMF is forecasting a downward trend for the US in the years 2023 to 2025, with real growth rates falling from 2.5% in 2023 to 2.1% in 2024 and 1.7% in 2025. This development is primarily due to rising interest rates and a lack of consumer liquidity following the Covid-19 pandemic. Nevertheless, measured by the GDP decline in 2020 and the positive development in 2021 compared to the trend before the Covid-19 pandemic, the US economy has recovered more strongly than other advanced economies. [60] This is partly due to the fact that they were less exposed to the war in Ukraine and the associated negative terms-of-trade shock as well as the rapid rise in energy prices.[61] From 2026 and up to 2028, long-term GDP growth of 2.1% is forecast for the US. [62]

110. In China, there was a decline in growth during the Covid-19 pandemic, but unlike the regions mentioned above, there was no negative growth rate. In 2021 and 2022, China recorded GDP growth of 8.5% and 3.0% respectively. In the forecasts for 2023, GDP growth of 5.2% is expected for China. Compared to previous years, China's growth is expected to slow down in the coming years. The current real estate crisis in China is having a particularly negative impact on economic growth. Current developments suggest that the real estate crisis is likely to continue to have a negative economic impact in the near to medium term. Furthermore, according to the IMF, a further worsening of the crisis could lead to a global expansion and have a negative impact on commodity exports. As a result, the IMF is forecasting lower GDP growth rates for China than historically observed (2015-2019). It is assumed that GDP growth in China will fall to a level of 3.4% by 2028.

[55] Cf. WorldAtlas (2023), Countries With The Largest Aging Population In The World.

[56] See International Monetary Fund (2023), European Department Press Briefing: Economic Outlook In Europe, October 2023.

[57] See International Monetary Fund (2023), Germany: Selected Issues, July 2023.

[58] Cf. ifo Institute, Economic Forecast Winter 2023.

[59] See International Monetary Fund (2023), World Economic Outlook, October 2023.

[60] Cf. U.S. Department of the Treasury (2023), The U.S. Economic Recovery in International Context, June 2023.

[61] Cf. International Monetary Fund (2023), World Economic Outlook, October 2023

[62] See International Monetary Fund (2023), World Economic Outlook, October 2023.

### Development of consumer price indices

111. The analysis of the macroeconomic environment is also based on the development of consumer price indices:

Percentage change in consumer price index

| | | | | | | | | | Estimates | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| World | 2.7 | 2.7 | 3.2 | 3.6 | 3.5 | 3.2 | 4.7 | 8.7 | 6.9 | 5.8 | 4.6 | 4.2 | 3.9 | 3.8 |
| European Union | 0.1 | 0.2 | 1.6 | 1.9 | 1.4 | 0.7 | 2.9 | 9.3 | 6.5 | 3.7 | 2.4 | 2.2 | 2.0 | 2.0 |
| Germany | 0.7 | 0.4 | 1.7 | 1.9 | 1.4 | 0.4 | 3.2 | 8.7 | 6.3 | 3.5 | 2.2 | 2.1 | 2.0 | 2.0 |
| United States | 0.1 | 1.3 | 2.1 | 2.4 | 1.8 | 1.3 | 4.7 | 8.0 | 4.1 | 2.8 | 2.4 | 2.2 | 2.1 | 2.1 |
| China | 1.5 | 2.1 | 1.5 | 1.9 | 2.9 | 2.5 | 0.9 | 1.9 | 0.7 | 1.7 | 2.2 | 2.2 | 2.2 | 2.2 |

*Source: International Monetary Fund, World Economic Outlook, October 2023*

112. In 2022, the global consumer price index recorded an increase of 8.7%, which is by far the biggest change in recent years. A high level of 6.9% is still expected for 2023. According to the IMF, inflation will fall to around 5.8% by 2024. The inflationary trends, which have increased since the war in Ukraine, are falling again, in particular due to the central banks' interest rate hikes. The long-term global forecasts therefore show, ceteris paribus, a fall in the consumer price index every year until 2028.

113. While inflation rates in the emerging and developing countries are expected to remain comparatively high, they should stabilize at around 2% in the advanced economies and thus return to the target set by the European Central Bank (ECB).

114. A similar trend can also be seen in the euro area. In 2022, the consumer price increase here was 9.3%. It is expected to fall to 6.5% in 2023. This shows that the rise in energy prices was probably a temporary shock that is expected to normalize again in the coming years. Across the euro area, further government borrowing has been undertaken by various economies for measures such as energy price subsidies, tax cuts and price caps to mitigate the impact of recent energy price shocks on incomes and overall inflation. Temporary energy subsidies can initially reduce inflation. Once they expire, inflation is likely to rise. In the long term, however, inflation in the eurozone is expected to remain slightly below the ECB's target of 2%.

115. Germany also recorded a high inflation rate of around 8.7% in 2022. Estimates for 2023 suggest that inflation will fall to 6.3%. The main reason for the high inflation in Germany was, in particular, Germany's dependence on Russian gas. Once Germany had freed itself from this dependency, the more expensive replacement procurement led to an increase in inflation despite the introduction of state energy aid. According to the ifo Institute, interest rates are likely to have peaked as a result of the decline in inflation. Capital market and lending rates have been falling since the beginning of November 2023 and the ifo Institute expects the ECB to decide to cut key interest rates for the first time in early summer 2024. This should also support the German revenue markets.[63] Inflation of 2.0% is forecast for Germany in the long term.

[63] Cf. ifo Institute, Economic Forecast Winter 2023.

116. Compared to 2022, when average annual consumer prices in the US rose by 8.0%, price level increases will fall to around 4.1% in 2023. The decline is mainly due to the Federal Reserve's interest rate hikes. This trend will continue in 2024, meaning that a percentage consumer price increase of 2.8% can be expected. In the long term, an annual price increase of just over 2% is forecast for the USA.[64]

117. Inflation in China has remained at a relatively low level in recent years. While low inflation of 0.9% was already recorded in 2021, inflation is expected to remain low at 0.7% in 2023 after rising to 1.9% in 2022. This low inflation rate is due to domestic factors such as the decline in the real estate market and weak consumer behaviour. International influences such as the decline in global commodity prices and weaker demand for Chinese products have also contributed to this. Inflation in China is expected to level off at around 2.2% as early as 2025.

### Conclusion on the macroeconomic situation

118. Based on the IMF's analysis of real GDP growth estimates, the real growth rates in Schaeffler's and Vitesco's relevant revenue markets in 2023 range from -0.3% to 5.2% (Germany, U.S., and China). In the coming years, it can be assumed that these growth expectations will settle at more stable levels, meaning that real growth rates in Schaeffler's and Vitesco's main revenue markets are expected to be in the range of 0.9% to 3.4% (Germany, U.S., and China in 2028).

119. With regard to the expected inflation rates in the euro area, it can be stated that these are expected to be around 6.5% above the ECB's inflation target of 2.0% in 2023. In the long term, however, inflation rates in the euro area are expected to remain at the ECB's target level of 2.0%. In Germany, an inflation rate of 2.0% is expected in the long term. In the USA, the inflation rate is expected to fall from 8.0% in 2022 to 4.1% in 2023. A downward trend is also expected here in the long term, with an inflation rate of 2.1% in 2028. Inflation rates in the range of 2.0% to 2.2% (Germany, USA and China in 2028) are therefore expected in Schaeffler's and Vitesco's main revenue markets. In contrast, it should be noted that inflation rates in Germany and the euro area have historically been below the target of 2.0% in the years 2015 to 2020.

120. Future economic crisis phases and exogenous shocks that are not directly included in the forecasts presented may occur and dampen growth expectations. In addition to the development of the macroeconomic environment, the expected economic development of the business activities relevant to Schaeffler and Vitesco is therefore also analysed below. The situation and development of these sectors is a further indicator for estimating Schaeffler's and Vitesco's future growth potential.

[64] See International Monetary Fund (2023), World Economic Outlook, October 2023.

## 3.2 Automotive market in Europe, North America and Asia-Pacific

121. Against the background of the strategic orientation of Schaeffler and Vitesco and the economic situation, the market and competitive environment of both companies is analysed in the following chapter.[65] In particular, the future market outlook and the outlook for the competitive situation are considered, as these allow conclusions to be drawn about future earnings and cash flows.

122. Schaeffler produces and supplies precision components and systems for engines, transmissions and chassis in the automotive industry as well as rolling and plain bearing solutions for various industrial applications. In addition, Schaeffler offers complementary services. Schaeffler's main markets are therefore the automotive and industrial goods markets.

123. Vitesco's strategic focus is on the electrification of the powertrain of all types of vehicles. Vitesco's product portfolio is geared towards environmentally friendly drive systems and mainly comprises components for electric drives, electronic control units, sensors, actuators and solutions for exhaust gas aftertreatment.

### General market environment and recent developments

124. The automotive industry is undergoing fundamental change due to a combination of changing market conditions, regulatory and customer requirements and technological advances. The market has also been severely impacted by the Covid-19 pandemic and geopolitical tensions. In particular, this led to supply chain disruptions and raw material shortages. In China in particular, these restrictions continued well into 2022 and led to significant delays in automotive production. The supply chain disruptions, particularly the shortage of semiconductors, resulted in global vehicle production falling by around 11.1 million vehicles in 2020 compared to the previous year.[66]

125. The general economic situation was also exacerbated by the war in Ukraine and the economic sanctions imposed as a result. These measures led to a reduction in gas imports from Russia, which contributed to the emergence of an energy crisis that was particularly noticeable in Europe. As a result, electricity costs in European wholesale doubled in 2022 compared to the USA and even tripled compared to China.[67]

126. In addition, other macroeconomic conditions such as high inflation, a weak euro and the volatility of commodity prices such as steel or aluminium also affected the profitability of original equipment manufacturers (OEMs) and suppliers. These conditions have led to a slowdown in automotive production and revenue in recent years, with global automotive production falling to 82.4 million light vehicles in 2022, compared to the 2018 peak of 84.4 million light vehicles produced globally. Despite these challenges, the automotive market has slowly been on the road to recovery since 2022. Production in 2023 is expected to exceed the 2018 peak with 85.7

[65] The regions analysed in sections 3.2 to 3.5 are not to be equated with those from Schaeffler's and Vitesco's external reporting.

[66] See Statista (2023), Automotive Industry Worldwide - Statistics & Facts.

[67] See McKinsey (2023), A road map for Europe's automotive industry.

million light vehicles produced.[68] By 2030, global automotive production is expected to reach 97.6 million light vehicles, which corresponds to an expected average annual growth rate of 1.9%.

127. However, the market dynamics have changed considerably. A large part of the market is shifting to the Asia-Pacific region and Greater China, with new players gaining more and more market share. For years, the automotive industry has made an important contribution to the European economy: It accounts for 7% of European GDP and around 10% of European exports in 2022. However, recent market conditions have weakened Europe's position in the automotive industry. The economic sanctions imposed as part of the war in Ukraine had an impact on the European automotive industry, as they led to a decline in exports and thus to a loss of revenue for European automotive companies. The sanctions made trade more difficult and led to lower revenue on the Russian market, which had previously been an important customer for European vehicles. However, Schaeffler and Vitesco consider the Russian market to be insignificant for revenue generation. At the same time, competitive pressure from Chinese companies is increasing, while the framework conditions for local development and production in Europe are becoming increasingly less competitive. As a result, Europe has lost 6% of its local market share and 5% of its Chinese market share to China since 2019, strengthening China's position in the market.[69] In this environment, Chinese OEMs are expanding their market shares in both China and Europe. This momentum is particularly evident in battery electric vehicles (BEVs), where new Chinese players targeting electric vehicles account for 51% of the global BEV market. In addition, China has overtaken not only Germany but also Japan in terms of automotive exports and is now the world's leading automotive exporter. Furthermore, China is expected to see the largest growth in light vehicle production by 2030.

128. These changes are the result of rapid change in the industry. The transition from combustion engines to zero-emission vehicles is accelerating, and global revenue of electric vehicles have been growing by around 80% annually since 2020. Market analyses indicate that many global mobility markets will be almost completely penetrated by electric drives by the mid-2030s. In response, European OEMs, among others, have announced ambitious electrification plans and plan to launch more than 150 new EV models by 2030.[70]

129. The transition to electromobility is increasingly being accelerated worldwide by stricter regulatory measures. Key influencing factors here include CO2 legislation, environmental and health protection regulations (which, for example, limit the maximum level of exhaust emissions), political objectives and targets (such as a quota for electric vehicles), financial subsidies and incentives for vehicle purchases (such as direct monetary purchase subsidies), the promotion of research and development activities and the expansion of the charging infrastructure.[71]

[68] See S&P (2023), Mobility report.

[69] See McKinsey (2023), A road map for Europe's automotive industry.

[70] See McKinsey (2023), A road map for Europe's automotive industry.

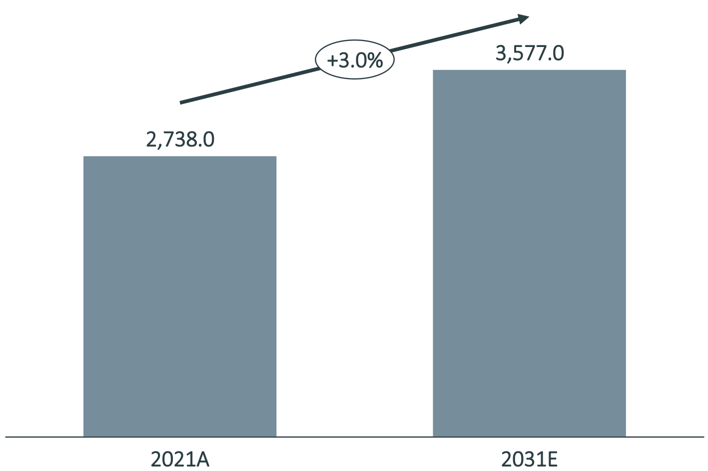
[71] See Structural Study BW 2023 (2023), Transformation of the automotive and commercial vehicle industry in Baden-Württemberg through electrification, digitalization and automation

### Global automotive market

130. The global automotive market comprises a large number of companies and organizations involved in the design, manufacture, sale and repair of automobiles. The total global automotive market was valued at USD 2,738 billion in 2021. This market is expected to reach USD 3,577 billion by 2031, representing an expected compound annual growth rate of 3.0%.[72] The growth will mainly result from an increase in vehicle revenue, which will be driven in particular by the clearly recognizable shift towards BEVs. In addition, growth in the automotive market will be supported by the automotive aftermarket, as demand for aftermarket services is driven by a higher number and higher average age of vehicles. Furthermore, recurring revenues from new services such as shared mobility and automotive software are expected to contribute to this growth.

**Size of the global automotive market**

In billion USD




*Source: Business Research Insights (2023), Automotive market size, share, growth and global industry analysis, by type, by application, regional insights, and forecast to 2028*

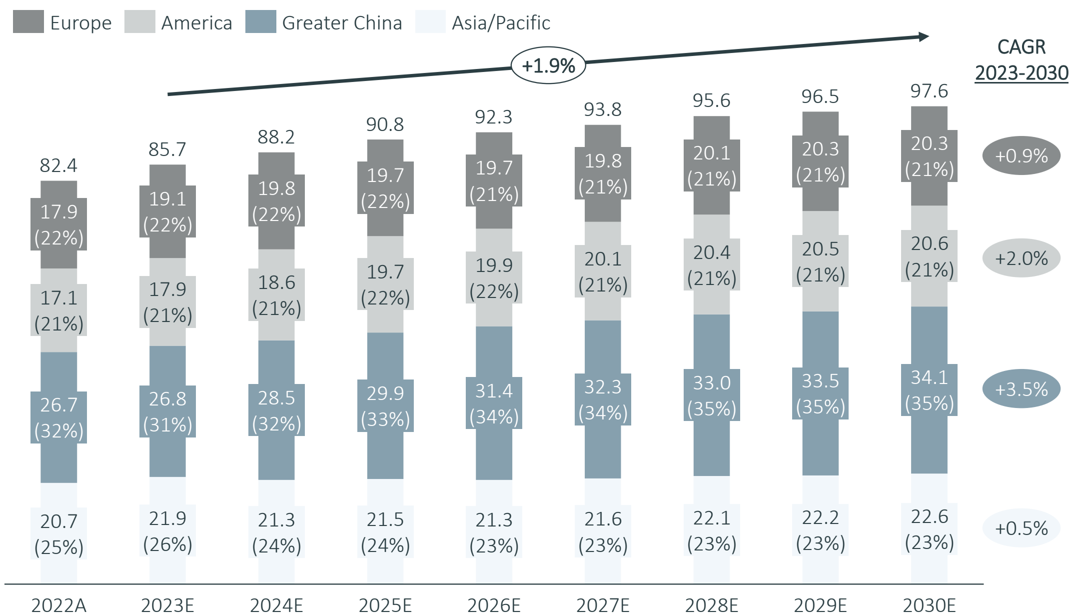
131. Despite an optimistic outlook, automotive production continues to face challenges in the supply chain and growing restrictions on the demand side due to global inflation and the associated loss of purchasing power. At the same time, there are ongoing concerns about key raw materials such as nickel, palladium and platinum, which are affecting vehicle prices, particularly in the electric vehicle sector. Nevertheless, global production of light vehicles is expected to increase by 4.0% to 85.7 million units in 2023. [73] In the long term, a moderate compound annual growth rate (CAGR) of 1.9% is forecast for the overall market until 2030, which will tend to be dampened by lower demand for vehicles with combustion engines, while the growth prospects for hybrid and electric vehicles are more positive in the future. The strongest growth is expected

[72] See Business Research Insights (2023), Automotive market size, share, growth, and global industry analysis, by type, application, regional insights, and forecast to 2031.

[73] See S&P (2023), Mobility report.

in the Greater China region with a CAGR of 3.5%, driven by the region's focus on advanced technologies and the increased penetration of electric vehicles. In addition, countries such as China offer greater revenue potential for OEMs in contrast to markets in the USA, Central Europe and Japan, where there are signs of saturation in some cases (approx. 582 cars per 1,000 inhabitants in Germany). At around 126 cars per 1,000 inhabitants, the motorization rate in China is nowhere near the Western level.[74] A CAGR of 2.0% is expected for America, followed by Europe with a CAGR of 0.9% and the Asia/Pacific region with 0.5%.

**Global automobile production (excluding Africa)**
In million units




*Source: S&P Global (2023), Production of passenger cars and light trucks (in units) with a total weight of up to 6 tons*

132. Asia occupies an important position not only in the production but also in the global sale of passenger cars. The Asia/Pacific region, particularly with the established markets of Japan and Korea, and Greater China together account for the largest share of revenue worldwide. In 2022, China accounted for almost a third of global car revenue, further strengthening its position in the market. In recent years, China has evolved from a market dominated by foreign brands such as Toyota and Volkswagen to one in which domestic brands reached a market share of 45% in 2022.[75] North America, particularly the USA, and Europe, led by Germany, also hold significant market shares. In 2022, Germany alone accounted for almost 4% of global car revenue. These regions therefore remain important players in the global automotive market.[76] Overall, China,

---

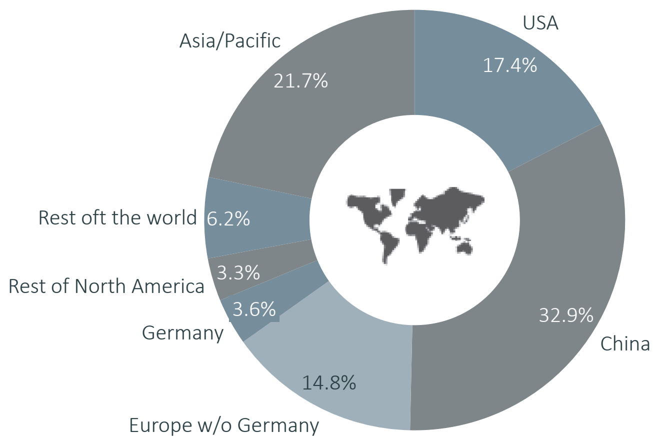
74 Cf. Federal Environment Agency (2024), Market data mobility

75 See McKinsey (2023), A road map for Europe's automotive industry.

76 See Business Research Insights (2023), Automotive market size, share, growth, and global industry analysis, by type, application, regional insights, and forecast to 2031.

the US and Europe together account for more than 60% of global revenue in the global automotive market. These regions are among the largest revenue markets for both Schaeffler and Vitesco.

Global car revenue 2022, by region
In %




*Source: OICA (2023), Revenue of passenger and commercial vehicles worldwide in 2022*

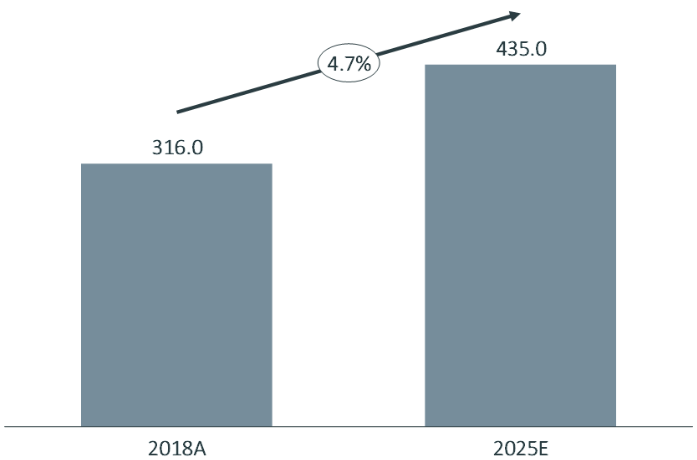
### Global market for engine and transmission systems

133. Within the automotive sector, both Schaeffler and Vitesco operate in the market segment for engine and transmission systems. The global market for engine and transmission systems comprises the manufacture and supply of components and systems for engine and transmission applications in motor vehicles. The relevant products in this market include combustion engines and electric motors, engine control units and components for manual and automatic transmissions. As the number of vehicles produced increases, the global market for powertrain components is also growing, with a value estimated at USD 316 billion in 2018 and expected to reach USD 435 billion by 2025. During the forecast period from 2018 to 2025, the expected average annual growth rate is 4.7%.[77] The largest growth is expected in the Asia-Pacific region, particularly in China, where the CAGR is expected to reach 8% during the forecast period, while North America is expected to grow at a CAGR of 1.2%. This is due to the expectation that China will be an early adopter of new technologies and electric vehicle production, and that the supply of motor vehicles there will grow the fastest in the world.

[77] See McKinsey (2019), Reboost: A comprehensive view on the changing powertrain component market and how suppliers can succeed.

Global revenue of powertrain components, 2018-2025

In USD billion




*Source: McKinsey (2019), Reboost: A comprehensive view on the changing powertrain component market and how suppliers can succeed report*

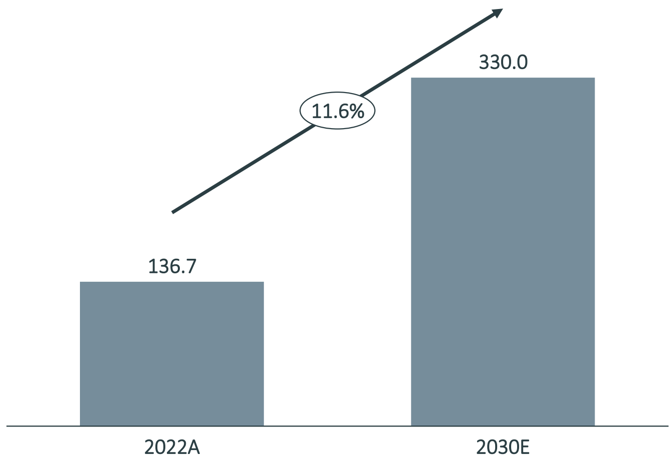
134. As can already be observed today, with the continuously increasing interest in hybrid and electric vehicles and the ban on new registrations of vehicles with combustion engines from 2035, demand in Europe will continue to shift towards alternative powertrains. In line with current trends, components that play a key role in electrification are also expected to see the highest growth rate in the future. This market shift has been driving suppliers to adapt to regulatory and innovative technologies and to increasingly invest in such components for several years now. Nevertheless, components for improving the efficiency of petrol and diesel engines still have the largest market share.

### Global market for chassis systems

135. The demand for chassis systems is closely linked to automotive production and regulations for vehicle emissions and safety standards that require vehicles to be lighter. To this end, chassis designs are shifting from traditional heavy steel to advanced and lighter materials such as aluminium alloys, high-strength steel and carbon composites. The market, which is slowly recovering from supply chain disruptions and commodity price volatility, is estimated at USD 137 billion in 2022 and is expected to reach USD 330 billion by 2030, representing a CAGR of 11.6%[78] .

[78] Fortune Business Insights (2023), Automotive chassis market size, share & Covid-19 Impact analysis, by vehicle type, by chassis type, and regional forecast 2023-2030.

Market size of the global market for chassis systems in the automotive industry, 2022-2030
In USD billion




*Source: Fortune Business Insights (2023), Automotive chassis market size, share & Covid-19 Impact analysis, by vehicle type, by chassis type, and regional forecast 2023-2030*

### Global market for automotive bearing

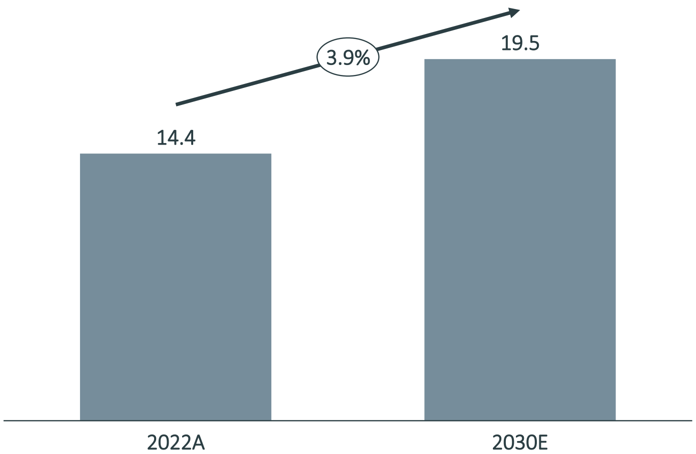
136. Schaeffler's activities include the market segment "Bearings", which are a key component in automotive production. The segment relates to the development of bearing solutions for engines, transmissions, and hybrid modules. The relevant products on the market include various types of bearings, including ball bearings, wheel bearings and needle roller bearings. The market for rolling bearings in the automotive industry was estimated at USD 14.4 billion in 2022 and is expected to grow to USD 19.5 billion by 2030, which corresponds to an expected average annual growth rate of 3.9%. A key trend in bearings is the growing demand for lightweight, compact bearings in response to the shift to electric vehicles. These bearings reduce friction and contribute to greater energy efficiency, which is an important factor in the development of efficient electric vehicles. In addition, the increasing use of ADAS[79] and AD functions[80] in vehicles, particularly in Europe and North America, is increasing the demand for high-precision and durable bearings. These bearings are needed to ensure low-friction and precise movements in the systems.

79 ADAS (Advanced Driver Assistance System) - advanced technologies in vehicles that support the driver with tasks such as lane keeping, adaptive cruise control and collision avoidance

80 AD (Automated Driving) - enabling vehicles to drive autonomously without human intervention through a combination of sensors, algorithms and artificial intelligence

Global vehicle bearing market size, 2022-2030

In USD billion



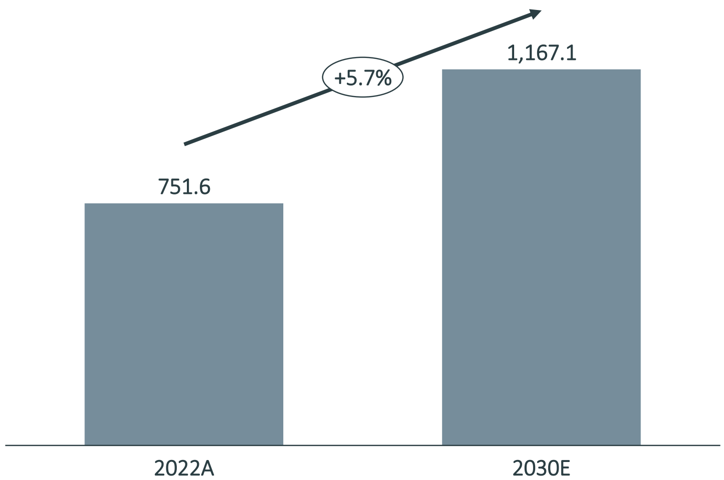

*Source: Fortune Business Insights (2023), Automotive bearing market size, share & Covid-19 impact analysis, by type, by application, by vehicle type, and regional forecast, 2023-2030*

### Global Automotive Aftermarket

137. The Automotive Aftermarket is another sub-segment of the automotive market in which both Schaeffler and Vitesco are active. The automotive aftermarket comprises the market for all spare parts for vehicles, such as tires, filters, brake parts, electronic components, and batteries, with Schaeffler and Vitesco primarily offering components and repair solutions for engine, transmission, and chassis applications. The market size of the automotive aftermarket was estimated at USD 752 billion in 2022 and is expected to increase to USD 1,167 billion by 2030, which corresponds to an expected average annual growth rate of 5.7%.[81] Tires account for the largest market share, followed by batteries, brake components and turbochargers.

[81] Cf. Precedence Research (2022), Automotive aftermarket by service channel, and OE; by distribution channel; by certification - Global market size, trends analysis, segment forecasts, regional outlook 2022-2030

Market size of the global automotive aftermarket, 2022-2030
In USD billion




*Source: Precedence Research (2020), Automotive market by service channel - DIFM, DIY, and OE; by distribution channel, wholesalers & distributors and retailers; by certification - certified parts, genuine parts, and uncertified parts - global market size, trends analysis, segment forecasts, regional outlook 2022-2030*

138. Market growth will be influenced by the expected increase in the global vehicle population over the coming years and the increasing age of existing vehicles. As the average age of vehicles increases, so does the demand for spare parts and the replacement of components. The average age of light vehicles is highest in North America, with the average vehicle age in the USA being 12.6 years in 2023.[82] In Europe, the average age of light vehicles in 2023 is 12.0 years, while this figure is significantly lower in the Asia-Pacific region.[83] For example, the average age of passenger cars in China in 2022 was 5.2 years[84] and in Japan 9.0 years[85] . This means that the outlook for increasing vehicle age and thus growth in the aftermarket share in the Asia-Pacific region in the future is positive.

139. The total number of registered vehicles worldwide is expected to reach 1,536 million in 2023. An annual growth rate of 1.4% is expected up to 2030, meaning that the vehicle population should reach 1,697 million units by 2030. Europe is still expected to hold the largest share with around 33%, followed by America with 27%, Greater China with 23% and Asia/Pacific with 17%.

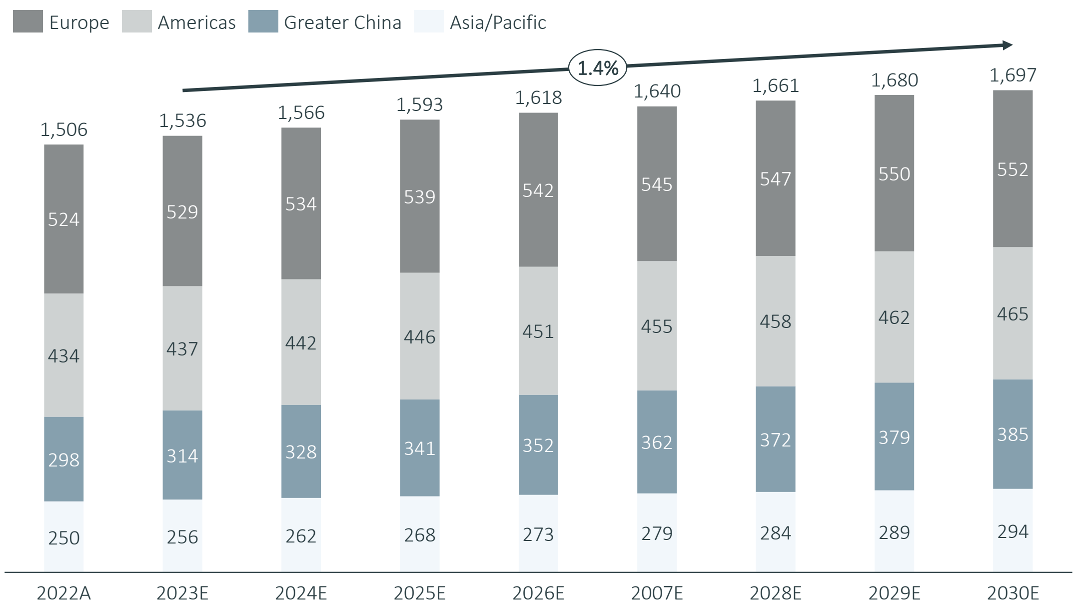
82 Cf. S&P Global Mobility (2023), Average age of light vehicles in the US hits record high 12.5 years, according to S&P global mobility

83 Cf. Acea (2023), Average age of the EU vehicle fleet, by country

84 Cf. Statista, Acqiche (2017), Average age of the passenger vehicles in China from 2015 to 2022

85 Cf. AIRIA, Statista (2022), Average age of passenger cars in use in Japan from fiscal year 2013 to 2022

**Number of vehicles registered worldwide (excluding Africa), 2022-2030**
In million units




*Source: S&P Global (2023), Stock of passenger cars and light commercial vehicles (in units) with a total weight below 3.5 tons.*

140. Future changes in the automotive market are also reflected in a shift in the market for spare parts. The automation of mobility is expected to improve driving behaviour and reduce the number of accidents, limiting repairs due to accidents and wear and tear. However, the transition to electric vehicles and autonomous vehicles increases the complexity of parts, which in turn increases the demand for advanced and complex repair solutions.

141. With increasing digitalization, the aftermarket is also gaining a digital aspect to its revenue and customer experience. In fact, websites offering wheels and tires and refinish coatings are among the fastest growing segments. E-commerce is also an attractive option for other areas of the aftermarket and can significantly simplify the sale and provision of services.[86]

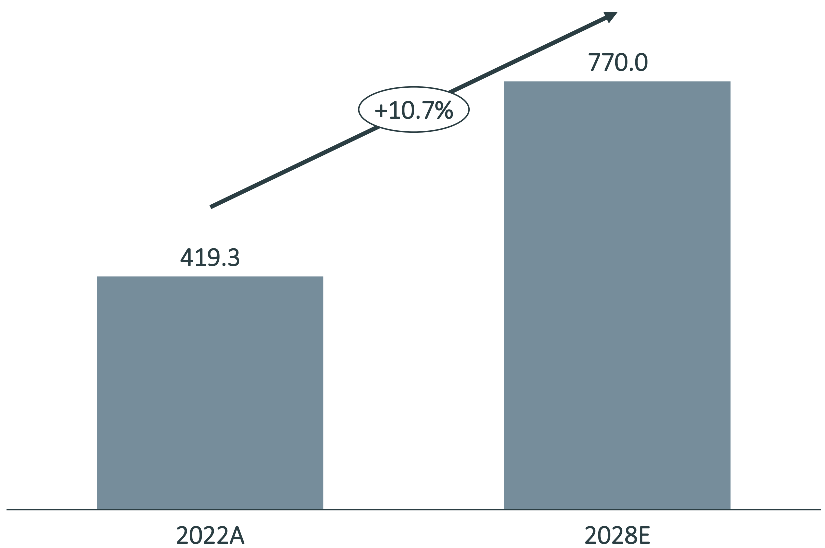
## 3.3 Electric mobility market in Europe, North America and Asia-Pacific

142. Due to rising air pollution and dependence on fossil fuels, electromobility is playing an increasingly important role in the field of private motorized transport. The market for electromobility has therefore grown enormously in importance in recent years. The market volume for electric

86 Cf. Precedence Research (2020), Automotive Aftermarket.

vehicles reached USD 419.3 billion in 2022. The market volume is expected to grow to around USD 770 billion by 2028. This corresponds to a CAGR of 10.7%.

**Global market volume for electric vehicles 2022 to 2028**
In billion USD




*Source: Statista (2023), Global market volume for electric vehicles in 2022 and forecast for 2028*

143. Market growth is mainly driven by the global increase in revenue of electric cars. Despite the challenges posed by the Covid-19 pandemic and the associated supply bottlenecks, the electric vehicle segment is recording significant growth. Revenue of electric vehicles continue to rise rapidly, despite the current challenges and still high production costs due to persistently higher raw material prices compared to pre-Covid-19 pandemic levels. However, current forecasts show that the prices of important raw materials for the automotive industry, such as copper, aluminium and lithium, are likely to fall in the coming years. In 2022, around 27.7 million electric cars were registered worldwide, an increase of over ten million vehicles compared to the previous year. Of these, around 14.6 million vehicles were registered in China, which accounts for more than half of all electric cars worldwide.[87]

144. According to a forecast by the International Energy Agency (IEA), the number of electric cars worldwide is expected to reach over 240 million by 2030.[88] Strong market growth is expected in China in particular. This shows that innovative car manufacturers such as BYD have great opportunities for growth, especially as many traditional car manufacturers have so far been reluctant to get involved in electromobility. In 2022, for the first time, BYD, not Volkswagen, topped the manufacturers' rankings in terms of revenue figures. China remains the world's

[87] Cf. Center for Solar Energy and Hydrogen Baden-Württemberg (ZSW) (2023), IEA (2023), Global EV Outlook.

[88] See IEA (2023), Global EV Outlook.

largest automotive market for electric cars, while the number is also increasing in other countries. At the beginning of 2023, more than one million BEVs were registered in Germany for the first time.

145. Tesla continued to assert itself as the leading manufacturer in 2022 with around 1.3 million electric cars sold. In Europe, Tesla's models clearly dominated the manufacturers' rankings, taking the top two places ahead of Volkswagen with the ID.4. In a global comparison of all vehicle models, both combustion and electric cars, Tesla was particularly successful with the Model Y, taking third place.[89]

146. A basic distinction is made between two types of electrically powered vehicles: battery electric vehicles (BEV) and plug-in hybrid electric vehicles (PEV). It is forecast that BEVs will account for around 73% of global revenue in 2023, while PEVs will account for 27%. Overall, global revenue of both BEVs and PEVs will increase. BEVs are expected to grow at a CAGR of 11.8% from 2023 to 2028, while PEVs are expected to record a compound annual growth rate of 3.7%. The overall revenue market for electrically powered vehicles is expected to grow at a CAGR of 9.9% from 2023 to 2028. This expected growth is due to increasing environmental awareness in society, changes in legislation in many countries and regions worldwide and the politically driven increase in the availability of charging stations. [90] [91]

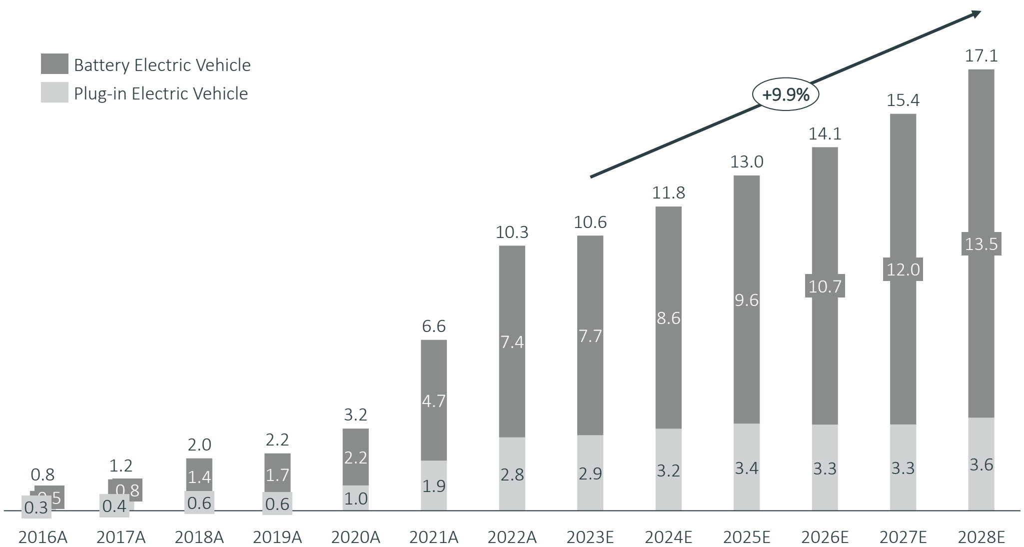
[89] See IEA (2023), Global EV Outlook

[90] See Regulation on deployment of alternative fuels infrastructure (AFIR) (2023)

[91] See IEA (2023), Global EV Outlook

**Revenue of BEVs and PEVs until 2028**

In million units

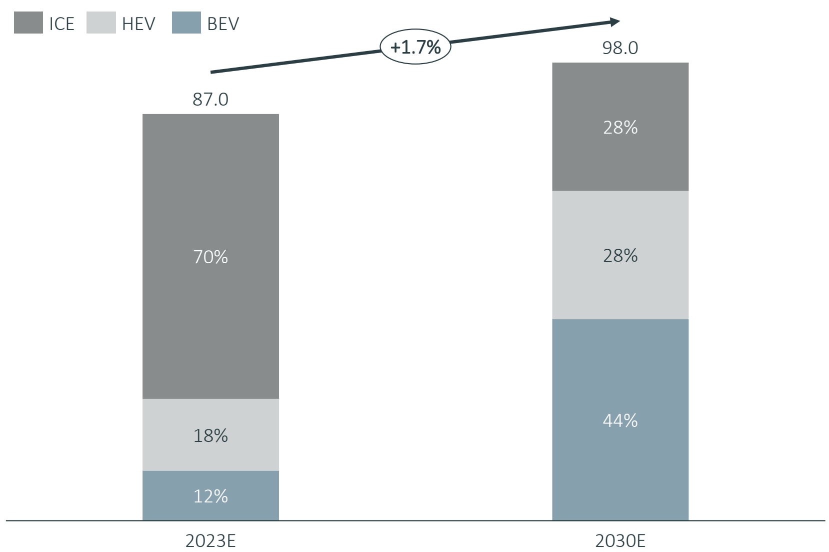



*Source: Statista (2023), Electric vehicles worldwide*

147. If the trend towards e-mobility continues as forecast, it is assumed that electric vehicles will account for a significant share of the overall market in the future.[92] While the production of internal combustion engines (ICE) accounted for around 70% of global vehicle production in 2023, it is forecast that only 28% of all vehicles produced worldwide will be powered by pure combustion engines in 2030. Hybrid vehicles are expected to account for the same proportion of vehicles produced in 2030. On the other hand, the proportion of purely electrically powered vehicles is expected to increase from around 12% in 2022 to 44% in 2030.

[92] Cf. Statista (2023), Electric vehicles - worldwide

Share of combustion, hybrid and electric vehicles in total vehicle production
In %




*Source: S&P (2023), Global Vehicle production (< 6t)*

148. This expected growth is due in part to the commitment of new market participants as well as the plans of established OEMs to increase their production of electric vehicles, both in absolute terms and as a percentage of total production. To meet this expected change, Schaeffler has introduced the "E-Mobility" division under the Automotive Technologies division. Vitesco has also established a clear strategic focus on e-mobility by reorganizing the previous four divisions (Electronic Controls, Electrification Technology, Sensing & Actuation, and Contract Manufacturing) into two new divisions (hereinafter referred to as segments): "Powertrain Solutions" and "Electrification Solutions", whose main focus is on electrification.

149. This expected market shift is forcing suppliers to adapt to the new demand and switch from traditional combustion engines to vehicles with alternative drive systems. In this context, the market for electric powertrain components for vehicles, including battery cells, inverters and electric motors, is expected to grow continuously, while the market for traditional combustion engine components is expected to slowly decline.[93]

### Region-specific development

150. In 2022, significant progress was made in the introduction of electric cars and vans in the EU: 21.6% of new registrations were electric vehicles. In total, almost two million electric cars were registered in 2022, compared to 1.74 million in 2021.[94] The leading European countries in the field of electromobility are Germany, the UK, France, Norway, Italy, the Netherlands, Sweden and Switzerland. However, the market share of electric vehicles varies greatly from country to

[93] See Deloitte (2023,) Future of the automotive supplier industry 2030

[94] Cf. EEA (2023)

country, which is mainly due to differences in the political framework conditions. In 2023, Germany led the way in terms of new registrations of BEVs and PEVs with a total of over 699,943 units, followed by the UK with 455,995 and Belgium with 193,593.[95] The main reason for the regional differences is the various initiatives to subsidize the purchase of electric vehicles. However, in December 2023, the German government decided to end subsidies for the purchase of battery electric vehicles and fuel cell vehicles prematurely from 2024.

151. Overall, Europe recorded a 15% year-on-year increase in new registrations of electric vehicles (BEVs and PEVs) in 2022, from 2.3 million units to 2.7 million units.[96] The distribution of vehicle types such as SUVs, mid-size cars, small cars, large cars and crossover models varies considerably between different regions worldwide, which underpins the need for targeted adaptation to regional preferences in the promotion of electromobility.

152. Germany occupies an important position in the field of electromobility. It is one of the leading manufacturers and revenue markets for electric vehicles in Europe and is the second largest producer of electric vehicles in the world. Currently, every third patent in the field of electromobility comes from Germany.[97] In particular, the substantial subsidies for the purchase of electric vehicles are helping to make electric vehicles more economically attractive for end consumers.

153. Another important step towards promoting electromobility is Germany's commitment to provide a nationwide and stable network of charging stations throughout the country. The number of publicly accessible charging points in Germany was around 105,600 in September 2023.[98] The number of charging points in Germany is set to rise to over 257,700 by 2025.[99]

154. Since US President Biden took office, there has also been a paradigm shift in attitudes towards electromobility in the USA. While the attitude towards electrification was previously more sceptical and conventional combustion vehicles were advocated, a shift towards supporting electric mobility solutions can now be observed. At the beginning of its term in office, the Biden government adopted a comprehensive plan worth USD 15 billion to set up a nationwide network of charging stations for electric vehicles, which is to include around 500,000 charging stations.[100]

155. This change is reflected in new registrations of electric vehicles in the USA. In 2022, around 918,500 new electric cars were registered, over 300,000 more than in the previous year. This corresponds to growth of around 67%. In September 2023, Tesla had a market share of 52%. Ford is the second-largest market player with just 7%. This strong focus on Tesla is the result of a number of factors, including Tesla's innovative edge and early market entry as well as its initially exclusive charging infrastructure, which denied other brands access to charging stations,

[95] Cf. Acea (2023), New Car Registrations, European Union

[96] Cf. Statista (2023), Electric vehicles - Europe

[97] See BDI (2022), Electromobility - The Future is Now

[98] Cf. Federal Network Agency (2023), Overview of the publicly accessible charging infrastructure - as of September 1, 2023.

[99] See Horváth & Partners, E-mobility fact check 2020.

[100] Cf. Statista Research Department (2024), Sales of electric cars.

and the comparatively slow response of American manufacturers in contrast to their European and Chinese competitors.[101]

156. Canada has also created incentives to promote the purchase of electric vehicles by granting rebates to buyers of certain electric vehicle models. Provinces such as Quebec and British Columbia require car manufacturers to sell a fixed percentage of electric vehicles, thus promoting the market for electric mobility. In addition, some cities such as Toronto and Vancouver are working intensively on the electrification of public transportation.[102]

157. With a market share of almost 50%, China is currently the clear global market leader in the field of electromobility. Revenue of electric vehicles in China already exceeded the 6 million mark in 2021. In addition, China had the most public charging points for electric cars in 2022, with a total of 1.76 million. This was followed, at some distance, by South Korea and the USA with around 201,000 charging points and around 128,000 charging points respectively. In Germany, there were around 77,000 charging points at the end of 2022. By April 2023, this figure had grown to around 88,700 charging points.[103]

158. Worldwide, the highest proportion of electric vehicles was sold in Norway in 2022 at around 80%, followed by Iceland (41%), Sweden (32%), the Netherlands (24%) and China (22%). The global average is 11%.[104] The proportion of electric vehicles is therefore highest in countries with high incomes and positive political and economic incentives, such as Scandinavia. Despite the high penetration rate of electric vehicles in Northern Europe, China is leading the way in the transition to electric vehicles. In China, the revenue prices of many electric vehicles have fallen below the prices of conventional vehicles with combustion engines. The uptake of electric vehicles is also above average in Europe, while in the USA it is progressing more slowly and lags behind the global average. However, it is expected that the USA will achieve a 50% share of electric vehicles among new registrations by 2030.[105]

## 3.4 Trends and regulation in the automotive and e-mobility market

159. Various trends and market drivers can be observed in the changing automotive industry, driven by both authorities and consumers. The most important factors are explained in more detail below.

160. The automotive market is being driven by increasing environmental awareness on the part of both authorities and consumers. Increasingly stringent emissions regulations are being enacted in various regions of the world, particularly in Europe, which plans to ban the registration of conventional combustion engines from 2035 and to phase them out completely by 2050.[106] These measures will result in higher demand for electrified vehicles, as they have lower CO2

[101] Cf. Statista (2022), eMobility - In-depth Market Insights & Data Analysis, sources - CleanTechnica, International Energy Agency (IEA).

[102] See The Global and Mail (2023), Do more EVs go to Quebec and B.C. than other provinces?

[103] Cf. Statista (2024), Public charging points for electric cars worldwide by country by 2022.

[104] Cf. World Resources Institute (2023), These countries are adopting electric vehicles the fastest.

[105] Cf. IEA (2023), Prospects for electric vehicle deployment.

[106] See Official journal of the European union (2023), Regulation (EU) 2023/851 of the European parliament and of the council of 19 April 2023.

and noise emissions compared to those with conventional combustion engines. However, in order to support the electrification of the automotive industry, there is a growing interest in modernizing the electricity grids to meet the requirements of e-mobility.

161. Another major trend influencing the automotive industry is the integration of autonomous control systems in vehicles. Most of the basic SAE L1-[107] and L2-ADAS functions[108] such as automatic emergency braking, blind spot warning and adaptive cruise control are already available in most new vehicles and are being incorporated into European and North American safety regulations and thus standardized. L2 systems, which allow the driver to take their hands off the steering wheel, are currently on the market. L3 systems[109] , on the other hand, are currently being developed for commercialization. It is expected that 12% of new passenger cars sold in 2030 will be equipped with L3 or higher technology, and this figure is expected to rise to 37% in 2035.[110] This will increase the demand for electric control units, radars, lidars, cameras and sensory

[107] SAE (Society of Automotive Engineers) Level 1 (L1) - Functions that provide basic driver assistance, such as adaptive cruise control or lane departure warning, to partially automate certain aspects of driving.

[108] ADAS Level 2 (L2) - features that offer more advanced automation, combining functions such as adaptive cruise control and lane centering to enable limited hands-free driving with constant driver monitoring.

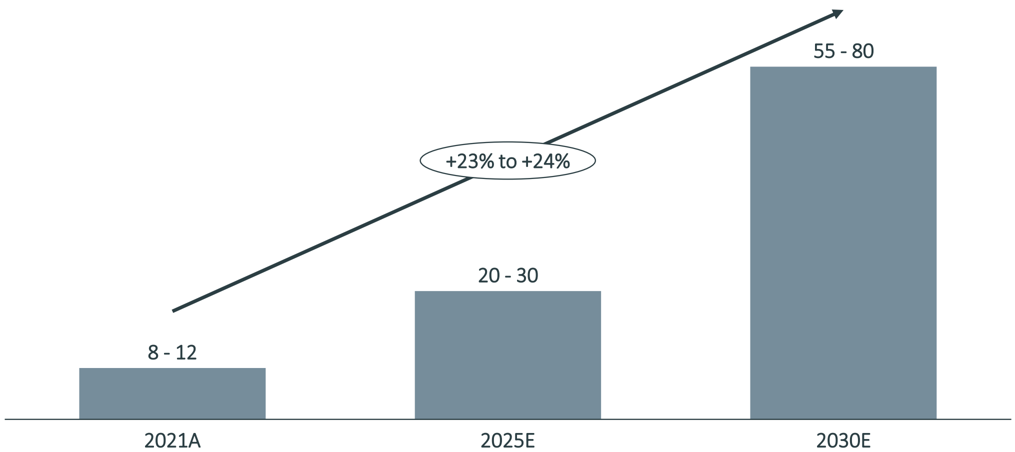
[109] SAE Level 3 (L3) - Functions that represent a higher level of automation where the vehicle can perform more driving tasks autonomously. With L3 systems, the driver still needs to be present, but can also withdraw from certain driving tasks for longer periods of time while the vehicle takes over most aspects of driving.

[110] Cf. VDA (2023), Digitization, The networked vehicle.

safety components from OEMs. The market for advanced driver assistance systems and hardware for autonomous driving was estimated at USD 20 billion in 2022 and is expected to grow to USD 55 billion by 2030.

Market size value of ADAS and AD hardware

In USD billion




*Source: McKinsey (2023), Autonomous driving's future: Convenient and connected*

162. Another trend is that demand for shared mobility solutions will continue to rise despite a temporary slowdown during the Covid-19 pandemic. An average annual growth rate of 3.8% is expected until 2028.[111] This development also contributes to the growing importance of e-vehicles as they become increasingly attractive for car-sharing models. Governments are in favour of e-car sharing models and support them accordingly. It is therefore expected that car sharing providers will increasingly switch to e-vehicles, especially in regions with stricter environmental regulations. A global comparison shows that China will generate the most revenue from shared mobility.[112]

163. All of these trends imply continuous and dynamic investment activity in the automotive industry, which will have an impact on all players within the automotive value chain. These include suppliers, manufacturers, dealers, legislators, insurance companies and even financial service providers.

### Regulation

164. The automotive industry, and automotive manufacturing in particular, is heavily regulated worldwide. In the European Union, for example, over 150 regulations and 30 directives are in force, making this sector one of the most heavily regulated in Europe.[113] Each country imple-

[111] See *Statista (2023), Shared mobility.*

[112] See *Statista (2023), Shared mobility.*

[113] See Acea (2023), Automotive regulatory guide.

ments its own regulations that apply in the areas of safety, technical requirements, the environment and customer service. These regulations set strict standards for both components and vehicles in terms of safety, technical specifications, telecommunications and wireless regulations, as well as compliance with various environmental requirements.

165. The environmental requirements laid down in accordance with the Paris Agreement aim to limit global warming to 1.5 degrees Celsius above pre-industrial levels. The European Union has also set itself the goal of achieving climate neutrality by 2050, including in the area of mobility. Against this background, the average CO2 emission targets for passenger cars were set at 95 g CO2/km in 2020, with a further reduction to 0 g CO2/km for newly registered vehicles from 2035.[114] Taking into account the lifespan of vehicles, the 15-year transition period from 2035 will enable the switch to completely CO2-neutral vehicles by 2050.

166. In addition, many European cities have set up low emission zones in which highly polluting vehicles are banned from city centre areas in order to improve air quality. In June 2022, there were already 320 such low emission zones in Europe, and the number is expected to rise to over 500 by 2025.[115]

167. The German government has also taken steps to promote climate-neutral mobility by planning extensive investments in researching and promoting electromobility, batteries and digitalization for the German automotive market.[116] In addition, the German government has provided subsidies for the purchase of hybrid and electric cars of up to EUR 1.2 billion until the end of 2023.[117] In addition, grants and support will be provided for the installation of charging stations in order to strengthen the charging infrastructure in the country and thus promote the use of electric vehicles.

168. Strict emission targets for motor vehicles have also been set in other parts of the world, such as the CAFE standards in North America with a target of 99 g CO2/km by 2025 and in China with targets of 117 g CO2/km and 93 g CO2/km by 2025.[118] The Chinese government has also set itself the goal of achieving a 20% share of new vehicles with alternative drive systems by 2025, which was already achieved in 2020 with a share of 22%.[119]

169. These changes and the increasing regulatory measures are forcing suppliers to develop innovative, efficient and environmentally friendly solutions that comply with safety and technical regulations. Growing global environmental awareness and stricter regulations are therefore

---

114 See Official journal of the European union (2023), regulation (EU) 2023/851 of the European parliament and of the council of 19 April 2023.

115 See Statista (2022), Total number of declared low-emission zones (LEZs) in Europe 2022, with a projection for 2025, by country.

116 Cf. VDA (2023), Digitization, The networked vehicle.

117 Cf. German Federal Ministry of Economic Affairs and Climate Action (2020), Regulatory environment and incentives for using electric vehicles and developing a charging infrastructure.

118 See McKinsey (2019), Reboost: A comprehensive view on the changing powertrain component market and how suppliers can succeed.

119 Cf. IEA (2023), Prospects for electric vehicle deployment.

key drivers for the transformation of the automotive market towards more environmentally friendly drive solutions.

### Competitive environment on the automotive supplier market

170. The automotive supplier market is characterized by intense competition and dynamic growth. In particular, the consequences of supply chain disruptions and shortages of raw materials and labour due to the Covid-19 pandemic and, to a lesser extent, the war in Ukraine have weakened global automotive suppliers in recent years. A trend reversal was observed in the course of 2022. As a result, the world's largest suppliers were able to increase their revenue by an average of 20% in 2022. In view of the market shift caused by increasing regulatory measures, automotive suppliers must adapt to the trends of vehicle electrification and automation. This has already led to Asian suppliers increasingly entering the market in global competition. In the ranking of the largest automotive suppliers in German-speaking countries, Bosch is in first place, followed by ZF Friedrichshafen and Continental. Schaeffler and Vitesco are also among the largest suppliers.[120]

**Top 10 automotive suppliers in the DACH region**

| Rank (Previous Year) | Company | Revenue 2022 in EUR bn | Growth 2021-2022 |
|---|---|---|---|
| 1 (1) | Robert Bosch | 88.2 | 12.00% |
| 2 (2) | ZF Friedrichshafen | 43.8 | 14.32% |
| 3 (3) | Continental | 39.4 | 16.71% |
| 4 (4) | Schaeffler | 15.8 | 14.13% |
| 5 (5) | TE Connectivity | 15.1 | 20.63% |
| 6 (x) | Infineon | 14.2 | 28.55% |
| 7 (6) | Mahle | 12.4 | 13.73% |
| 8 (x) | Freudenberg | 11.8 | 17.08% |
| 9 (x) | Vitesco | 9.1 | 8.64% |
| 10 (7) | Benteler | 9.0 | 22.91% |

*Source 25 - Top 15 automotive suppliers in the DACH region, Strategy&, Munich, (Aug 2023).*

## 3.5 Market for industrial production in Europe, North America and Asia-Pacific

171. Since Schaeffler generates approximately 27% of its revenue with industrial goods, the market for industrial production is also important to Schaeffler in addition to the development of the automotive market. Schaeffler's Industrial division focuses primarily on developing and manufacturing precision components, drive technology components and systems, and service solutions such as sensor-based condition monitoring systems for over 60 different industries. The company is also working on new products and solutions for the hydrogen economy. In this

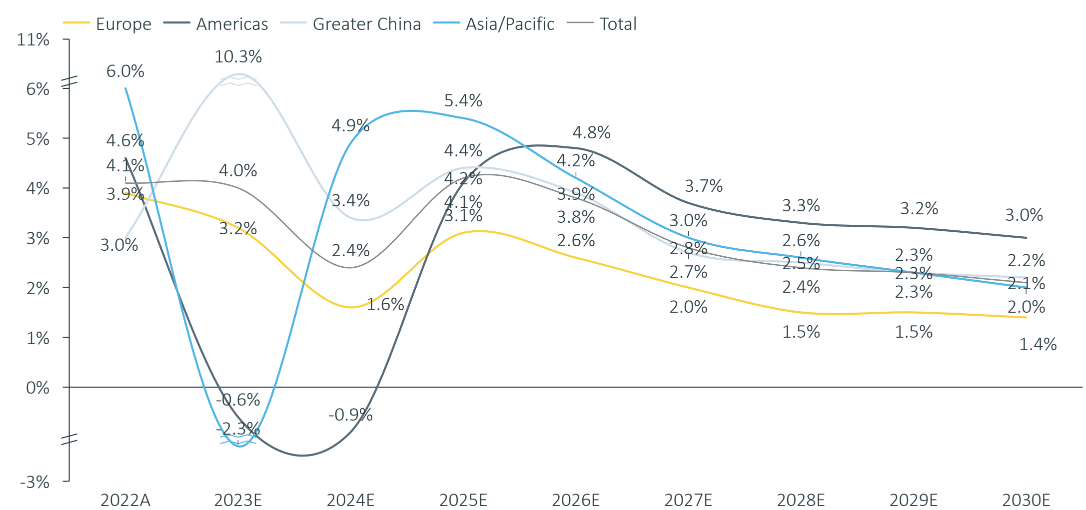
[120] Cf. Strategy& (2023), German automotive suppliers fall behind in global competition.

context, Schaeffler's addressable markets include the market for precision parts, the market for service solutions and the market for the hydrogen economy.

172. According to Oxford Economics, global industrial production is expected to increase by 4.0% in 2023 compared to the previous year. The most significant growth is expected to come from China, with a percentage increase of 10.3% in 2023. By contrast, the Asia/Pacific and Americas regions are expected to see a decline of -2.3% and -0.6% respectively. -0.6% respectively. From 2025, positive growth rates are expected in all regions, at a similar level to 2022. A global growth rate in industrial production of 2.1% is expected in 2030. The Americas and Greater China regions are expected to exceed this with 3.0% and 2.2% respectively. Below this figure are Asia/Pacific with 2.0% and Europe with just 1.4%.

**Growth in global industrial production**

In %




*Source: Oxford Economics (2023)*

### Market for precision parts

173. The market for precision parts plays a crucial role in numerous industries, particularly in the healthcare, automotive, electronics and aerospace sectors. This market includes a wide range of components that are essential to the manufacture of products and require precision manufacturing.[121] Schaeffler develops and produces precision components that include both rotary and linear bearing solutions.

174. In 2022, the total global expenditure on precision parts amounted to USD 185.5 billion. The growth in recent years is mainly due to the increasing demand from various end-use sectors.

---

121 See MarkWide Research, Global Precision Parts market Analysis - Industry Size, Share, Research Report, Insight, Covid-19 Impact, Statistics, Trends, Growth and Forecast 2023-2030.

Precision parts are particularly crucial in the aerospace industry due to the demanding operating conditions. In addition, increasing demand for military aircraft was observed due to the war in Ukraine. In 2022, the aerospace and defence industry dominated the market for precision parts with a share of 28.1%.[122] In the healthcare industry, precision parts are of great importance for the production of medical devices, as they require a high degree of accuracy and precision. The growth of the market has also been driven by the increase in vehicle production, the introduction of automated processes in watchmaking and the use of new metals and alloys. In addition, industries such as marine and offshore drilling, construction, heavy machinery and power tools are increasingly reliant on optimized precision parts.

175. The precision parts market is expected to reach USD 387.9 billion by 2030, growing at a CAGR of 9.9%. Increasing industrial automation, innovations in healthcare and medical technology, as well as increased demand for vehicles in emerging economies such as Asia and Africa, are among the driving factors behind this growth.

176. After a CAGR of 9.9% from 2018 to 2021, North America dominated the global market in 2022 with a 39.8% share of the industry's total revenue. By 2030, North America is expected to reach USD 155.1 billion and continue its global dominance in terms of revenue. This is mainly due to the presence of advanced manufacturing companies in various industries.

177. Europe was the second largest market for precision parts with revenue of USD 58.5 billion or a share of 31.5% in 2022. It is expected to continue growing at a CAGR of 9.4% until 2030. Germany, the UK and France stand out as leading countries in this region due to their advanced technologies that help increase efficiency, reduce costs and overcome challenges.

178. Overall, the market for precision parts is showing considerable momentum, driven by technological advances, industrial automation and growing demand in various end-user sectors.[123]

179. Schaeffler is already a leading supplier of precision components and intends to further consolidate this position in the future. In January 2023, for example, the company acquired all shares in Ewellix AB, a leading global manufacturer and supplier of drive and linear motion solutions. The company's products are used in a wide range of applications and devices, including mobile machinery, assembly automation and robotics, medical technology and various other industrial applications. This acquisition helped to expand the company's technological expertise in the field of linear technology.

#### Market for sensor-based monitoring systems

180. In the coming years, demand for condition monitoring systems that enable real-time monitoring and valuation of plants and machines will increase continuously. In 2023, the market was valued at USD 3.2 billion and is expected to grow at a CAGR of 7.9% from 2023 to 2027. This growth is driven by the increased adoption of smart manufacturing facilities and growing

[122] Cf. Kings Research (2023), Precision Parts Market. Global Industry Analysis and Forecast 2023-2030.

[123] Cf. Kings Research (2023), Precision Parts Market. Global Industry Analysis and Forecast 2023-2030.

awareness of the benefits of these systems among manufacturers worldwide. The market volume is expected to reach USD 5.5 billion by 2030.[124] A key growth driver in recent years has been the possibility of remote monitoring. This gained considerable importance during and after the Covid-19 pandemic, particularly due to the need to safeguard against vulnerable supply chains. Condition monitoring ensures the availability of machines and systems. The regular recording of machine conditions can provide crucial information, particularly for maintenance strategies. These systems are used in various sectors, including the manufacturing industry, the oil and gas industry, power generation and the automotive industry. In these industries, they are used to monitor components such as pumps, turbines, compressors, motors and industrial machinery. Currently, North America has a global market share of approximately 19.5% in the condition monitoring systems segment.[125] Growth in North America is expected to benefit from increasing demand in areas such as power generation, aerospace, oil and gas (including offshore oil exploration), marine, and food and beverage.

181. China, on the other hand, is expected to record a CAGR of 3.0% until 2033. This is largely due to growth in the region's mechanical engineering sector, which is also partly attributable to government initiatives to promote low-cost mass production units.

182. Europe is expected to witness a CAGR of more than 7.0% from 2023 to 2032. These increases can also be broken down by specific types of monitoring devices, with vibration monitoring and oil monitoring, for example, accounting for more than 50% of the market share, followed by thermography, torque monitoring, corrosion monitoring and others.[126]

183. Stable growth is expected in the market for condition monitoring systems worldwide in the coming years. This is due to the increasing acceptance of the Internet of Things (IoT) and Industry 4.0. This growth will first be seen in highly developed regions that have already reached an advanced level of industrialization. This will be followed by emerging markets, which will gradually begin to attract increased capital inflows for their industrialization.

### Market for wind power

184. Wind energy has experienced high growth in installed capacity globally in recent years and is now one of the most competitive energy sources. Worldwide, 76.6 gigawatts (GW) of new wind energy capacity was connected to the electricity grids in 2022, bringing the total installed capacity in 2022 to 906 GW. This corresponds to growth of 9% compared to the previous year. The Asia-Pacific region is the largest wind market in the world with 48% of cumulative wind power capacity, followed by Europe as the second largest market with 28%. America is the third

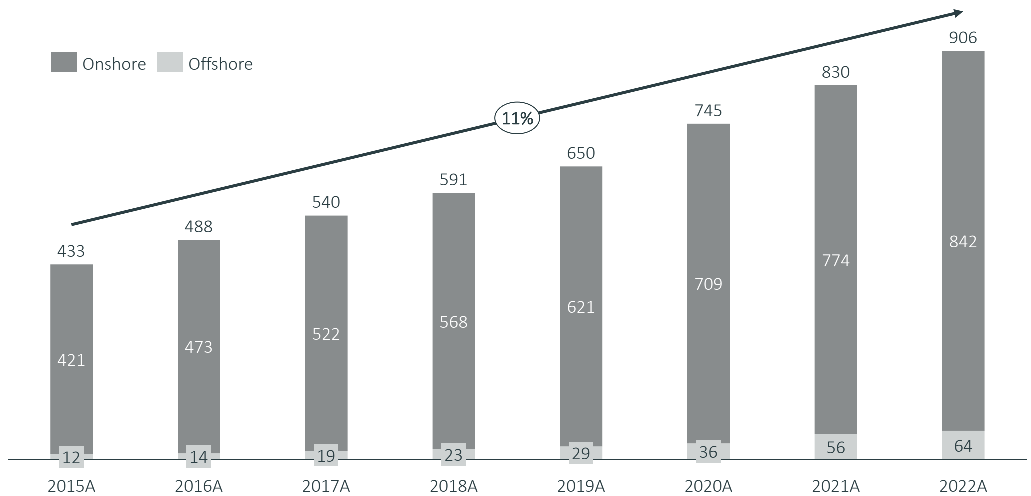
[124] Cf. Grandviewresearch (2023), Machine Condition Monitoring Market.

[125] Cf. Future Market Insights (2023), Condition Monitoring System Market.

[126] Cf. Acumen Research and Consulting (2023), Machine Condition Monitoring Market.

largest wind power market with a share of 23%, while Africa and the Middle East account for 1%.[127]

Development of total installations of global wind power capacity (2015 - 2022)
In GW




*Source: Global Wind Energy Council (GWEC) (2023), Global Wind Report 2023*

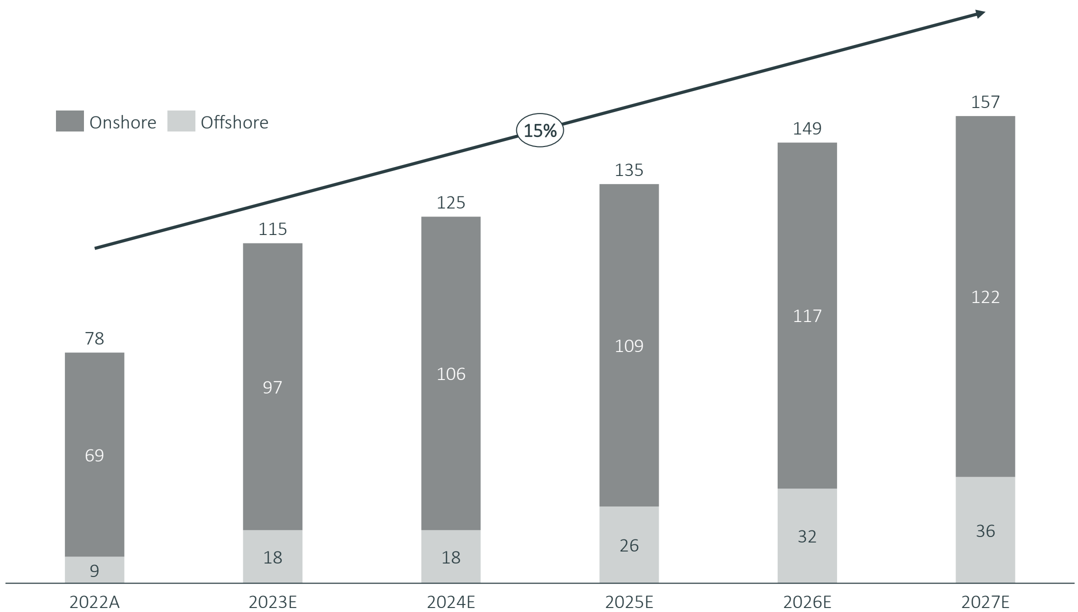
185. According to the Global Wind Energy Council (GWEC), 680 GW of new wind power capacity is expected to be created worldwide between 2023 and 2027, of which 130 GW will be offshore (19%) and 550 GW onshore (81%). This growth in Europe is driven by the need to replace fossil fuels with renewables, which is further exacerbated by the war in Ukraine. Over the next ten years, a significant upturn in renewable energies is expected in the USA, mainly due to the Inflation Reduction Act (IRA). In addition, China has committed to further expanding the role of renewable energy in its energy mix, with the goal of renewable energy accounting for more than 80% of total new electricity consumption by the end of the 14th Five-Year Plan (2021-

[127] See GWEC (2023), Global Wind Report 2023.

2025). In particular, governments around the world are recognizing the potential of offshore wind energy and striving to develop it as a global technology.[128]

### Outlook for new installations of global wind power capacity (2022-2027)

In GW




*Source: GWEC (2023), Global Wind Report 2023*

#### Market for hydrogen applications

186. The hydrogen sector envisions hydrogen as a clean and sustainable alternative to current non-renewable energy sources. In terms of industrial applications, hydrogen has long been used in oil refining, ammonia and methanol production. However, with global efforts to reduce carbon emissions, hydrogen is also gaining traction in other industries such as steel production and concrete manufacturing. These sectors are driving the increasing consumption of hydrogen as its use is in line with global energy trends, which are influenced by both regulations and macroeconomic conditions. In the automotive sector, hydrogen is becoming increasingly important as an alternative to conventional gasoline or diesel fuels in so-called hydrogen fuel cell vehicles (FCVs). In 2022, global hydrogen production capacity rose to 109 kilotons per year, an increase of 44% compared to 2021. The growth of the market is also reflected in the transaction volume of companies in the sector: 393 transactions were concluded in 2022, a significant increase compared to 277 in 2021.[129] In terms of market size, the global hydrogen market is estimated to be worth USD 155.3 billion in 2022.[130] In 2022, global hydrogen consumption reached 95 million tons, an increase of almost 3% compared to the previous year. This growth was noticeable in all major consumption regions. It should be noted that this global increase is not solely

[128] GWEC (2023), Global Wind Report 2023

[129] See Green Car Congress (2023), GlobalData: Hydrogen market growth to surge in 2023 despite slowing global economy.

[130] Cf. Grandviewresearch (2022), Global Hydrogen Generation Market Size & Report 2030.

due to the success of policy initiatives to promote hydrogen, but is rather linked to overall global energy trends.[131] Due to macroeconomic circumstances, Europe experienced a decline in hydrogen consumption in industry in 2022. Hydrogen is mainly used as a raw material for the production of ammonia, methanol and other chemical products in the chemical industry, which, due to the sharp rise in natural gas prices, resulted in a significant decline in industrial activities and thus also in hydrogen consumption. Broken down by region and market, Europe accounted for 8% of global hydrogen consumption in 2022, compared to 29% in China and 17% in North America.[132]

187. Both North America and the Middle East recorded strong growth of around 7%, while China recorded marginal growth of around 0.5% due to its already advanced status in terms of global consumption share.[133]

188. The cost of hydrogen is expected to fall significantly by 2050, reaching a price of USD 2 per kilogram.[134] If this prediction comes true, hydrogen would likely help reduce carbon dioxide emissions by around 20% of man-made emissions. In terms of pure growth, the market for hydrogen is expected to grow at an average rate of 9.3% from 2023 to 2030.[135]

189. Schaeffler already has an increasing research interest in hydrogen technologies. In the field of hydrogen production using proton exchange membrane electrolysers, new approaches to developing stack components and improving the efficiency of membrane-electrode units through innovative coatings have been developed. The performance of these newly developed components was then validated on a demonstration scale to ensure their suitability for market-relevant requirements. In the area of hydrogen storage technologies, the application of Schaeffler fuel cell components for the use of liquid hydrogen carriers, also known as Liquid Organic Hydrogen Carriers (LOHC), was successfully demonstrated and possibilities for further improvement were investigated.

[131] See IEA (2023), Global Hydrogen Review 2023.

[132] See IEA (2023), Global Hydrogen Review 2023

[133] See IEA (2023), Global Hydrogen Review 2023

[134] See McKinsey (2022), Five charts on hydrogen's role in a net-zero future

[135] Cf. Grandviewresearch (2022), Global Hydrogen Generation Market Size & Report 2030

# 4. DETERMINATION OF THE EQUITY VALUE OF VITESCO

## 4.1 Description of Vitesco as a valuation object

190. The definition of the valuation object is the basis of every company valuation. In order to assess the growth opportunities, the business plan and the risk profile of the company to be valued, it is necessary to understand the historical background, business model and market position of the company.

191. The legal and tax situation of the company and its history are presented below. The economic fundamentals, the business model and the corporate strategy are then explained. The strengths and weaknesses of the business model and the opportunities and threats of the market environment are identified (SWOT analysis), taking into account the historical earnings, assets and financial position of the last three years prior to the valuation date, in order to substantiate Vitesco's opportunity/risk profile on this basis. In conjunction with the presentation of comparable companies (peer group), this forms a suitable starting point for the assessment of the business plan with regard to the amount and timing of the cash flows, which are characterized by forecast uncertainty, their risk profile and the derivation of the capital market-based valuation assumptions, among other things.

### 4.1.1 Legal and tax situation

192. The subject of the valuation is Vitesco Technologies Group AG, with its registered office at Siemensstr. 12, 93055 Regensburg, Germany. Vitesco is a stock corporation under German law and is entered in the commercial register of the local court of Regensburg under the registration number HRB 18842.

193. Vitesco is an automotive supplier of modern drive technology and electrification solutions for sustainable mobility. The product portfolio includes electric drives, electronic control units, sensors and actuators as well as solutions for exhaust gas aftertreatment.

194. In accordance with the Articles of Association, the object of the company is in Germany and abroad:

   i. the development, manufacture and distribution of products for vehicles of all kinds and other mobility concepts as well as other industrial products, in particular the development, manufacture and distribution of systems and components as well as the provision of services for powertrains including electrical machines, power electronics, control electronics, software, energy converters (such as fuel cells) and storage systems (such as batteries), sensors for physical and chemical properties, actuators, technology for reducing emissions and combustion technology. In these and other areas, the company may be active in the research, development, manufacture and sale of electronic, mechatronic and mechanical components and systems as well as software and technical equipment and provide related consulting, services and support.

ii. The company may realize its corporate purpose directly or indirectly through group companies or associated companies (including joint ventures). It may also limit its activities to some of the activities specified in paragraph i.

iii. The company is authorized to carry out all transactions and measures that are related to the object of the company or appear suitable to directly or indirectly promote the object of the company, in particular to acquire and sell real estate, to establish auxiliary and ancillary operations and branches at all locations in Germany and abroad and to conclude pooling of interests agreements and inter-company agreements. The company may combine companies under its uniform management and limit itself to the management of the companies or administration of the participation. In particular, the company is authorized to establish, take over, acquire or invest in other companies of the same or a similar nature. The company may establish investment companies, acquire investments, change their structure, combine them under uniform management or limit itself to the management of the investments, sell investments and also conclude intercompany and cooperation agreements of all kinds.

195. The executive board of Vitesco AG consists of six members. The members of the executive board are Andreas Wolf (Chief Executive Officer), Sabine Nitzsche (Chief Financial Officer), Ingo Holstein (Chief Human Resources Officer), Stephan Rölleke (Member of the executive board responsible for Integrity and Legal Affairs), Klaus Hau (Head of the Powertrain Solutions division) and Thomas Stierle (Head of the Electrification Solutions division).

196. In accordance with the Articles of Association, the Supervisory Board of Vitesco AG is composed in accordance with the statutory provisions. The Annual General Meeting may not appoint Supervisory Board members for a longer period than until the end of the Annual General Meeting that resolves on the discharge for the fourth financial year after the start of the term of office. The financial year in which the term of office begins is not counted. The Supervisory Board is quorate if at least half of the members of which it is to be composed participate in the passing of resolutions. Half of the members of the Supervisory Board were elected by the Annual General Meeting on May 5, 2022 (shareholder representatives). The other half are court-appointed until an election by the employees of Vitesco and its German subsidiaries (employee representatives). The 16 current members of the Supervisory Board are Prof. Siegfried Wolf, Carsten Bruns*, Prof. Dr. Hans-Jörg Bullinger, Manfred Eibeck, Yvonne Hartmetz*, Susanne Heckelsberger, Lisa Hinrichsen*, Joachim Hirsch, Prof. Dr. Sabina Jeschke, Kerstin Dickert*, Erwin Löffler*, Klaus Rosenfeld, Georg F.W. Schaeffler, Ralf Schamel*, Kirsten Vörkel* and Anne Zeumer* (employee representatives are marked with an *).

197. Vitesco's financial year corresponds to the calendar year.

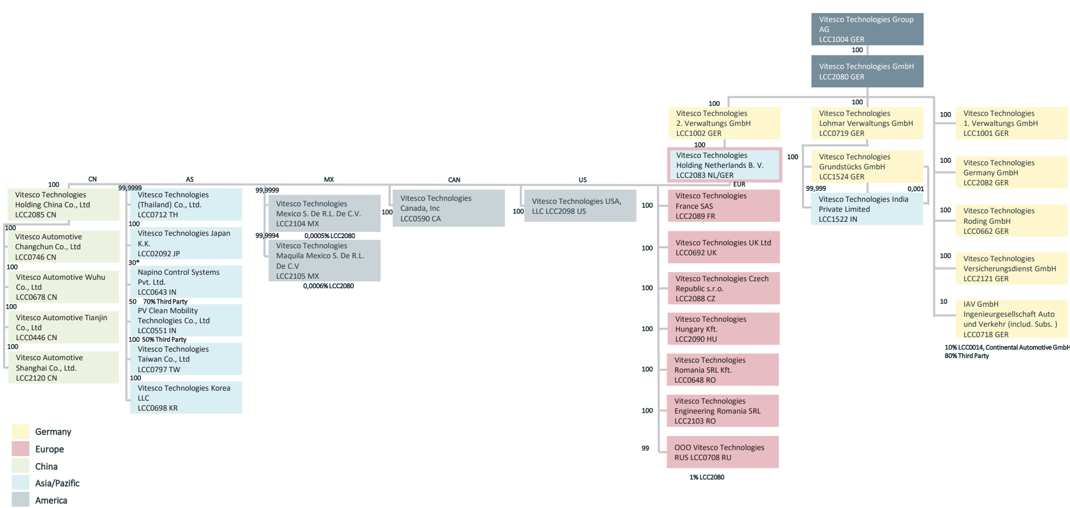
198. The company's share capital amounts to EUR 100,052,990.00 and is divided into 40,021,196 registered common shares with no par value (no-par value shares). The notional pro rata amount of the share capital is EUR 2.50 per share. In accordance with Section 20.1 of the company's Articles of Association, each no-par value share entitles the holder to one vote at the Annual General Meeting.

199. Furthermore, the company has no authorized capital or conditional capital.

200. The Vitesco AG share has been listed on the regulated market of the Frankfurt Stock Exchange under ISIN DE000VTSC017 and on the electronic trading platform XETRA since September 16, 2021. The share is also traded over the counter on other stock exchanges in Germany and other countries. In addition to the listing on the Frankfurt Stock Exchange, the Vitesco share is traded in the USA in the form of a sponsored ADR program on the OTC market (Over The Counter). Five American Depositary Receipts (ADR) correspond to one Vitesco share. There is no listing on a stock exchange in the United States.

201. Vitesco AG is subject to German tax law. The trade tax rate of the city of Regensburg is 425%. Taxation is carried out locally according to the respective income taxes of the subsidiaries in Germany and abroad. The tax contribution account of Vitesco AG amounted to EUR 4,574.5 million as of December 31, 2023. As of December 31, 2023, there were usable corporate income tax loss carry forwards of EUR 1,094.2 million and usable trade tax loss carry forwards of EUR 1,070.1 million in Germany, as well as foreign corporate income tax loss carry forwards of EUR 675.2 million.

202. In the 2023 financial year, the Vitesco Group comprised Vitesco AG as the holding company and 30 affiliated companies (each wholly owned subsidiaries), 2 associated companies and one other associated company. Vitesco's organizational chart is as follows:[136]




Shareholding and Voting Rights are equal; exemption LCC0718: voting rights LCC2080 11,11%, LCC0014 11,11%
*Share transfer via DEMAT account not yet finalized

*Source: Company data (31.12.2023)*

[136] See Vitesco Annual Report 2022.

### 4.1.2 Company history

203. Vitesco was formed through a carve-out of the former Powertrain segment of Continental AG, based in Hanover, and its spin-off. Overall, the Powertrain segment was one of the five segments of Continental AG.

204. Since the 1980s, specific expertise has been built up in the field of powertrain systems, starting with gasoline powertrain systems, followed by diesel powertrain systems including electronics and sensors, as well as an early entry into electrified powertrain systems.

205. Vitesco represents a strategic merger of various companies that have been created over time through various takeovers and mergers. In 2001, Continental AG acquired TEMIC Telefunken microelectronics GmbH, a company that focused on electronic control systems. This was followed in 2006 by Continental AG's acquisition of the automotive electronics business of Motorola Inc. which, among other things, produced control systems and high-pressure sensors. In 2007, Continental AG took over Siemens VDO Automotive AG (Siemens VDO). Siemens VDO (and its predecessor companies) had a broad product portfolio since the late 1980s, including engine control units, transmission control units, actuators, electric motors and power electronics.

206. In 2014, Emitec GmbH, a former joint venture specializing in exhaust gas aftertreatment, was fully acquired by the Continental Group. Emitec GmbH had already acquired the Danish company Grundfos NoNOx Holding A/S, which manufactured dosing systems for exhaust gas aftertreatment, in 2010. At the end of 2015, Continental AG acquired the remaining shares in Synerject LLC, a joint venture between Continental AG and Orbital Corporation Limited. Synerject LLC produced engine management systems and fuel systems for the non-automotive market.

207. In January 2019, the drive division of the Continental Corporation was consolidated as a subsidiary in Vitesco Technologies GmbH. In 2019, the executive board and Supervisory Board of Continental AG resolved to transfer the business activities of the subsidiary to Vitesco AG by way of transformation through spin-off. At the Annual General Meeting of Continental AG on April 29, 2021, the shareholders approved the corresponding spin-off and takeover agreement. The spin-off took place retroactively to January 1, 2021. The shares of Vitesco AG have been listed on the regulated market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard) since the IPO on September 16, 2021.

208. On July 25, 2023, the Vitesco AG share was included in the MDAX. On October 9, 2023, Schaeffler AG announced a voluntary public Tender Offer for a consideration of EUR 91.00 per outstanding Vitesco share. The offer document for the public Tender Offer was published on November 15, 2023. On November 27, 2023, Schaeffler AG published an amendment to the offer, increasing the consideration offered to EUR 94.00. The acceptance period for the Tender Offer ended on December 15, 2023, 24:00 hours (CET). By the end of the acceptance period, the purchase offer had been accepted for a total of 11,957,629 Vitesco shares, which corresponds to approximately 29.88% of the share capital of Vitesco AG existing at the end of the acceptance period and the voting rights of Vitesco AG existing at the end of the acceptance period. The public Tender Offer was completed on January 5, 2024.

209. On January 23, 2024, Schaeffler AG purchased an additional 3,600,000 Vitesco shares from Bank of America at a price of EUR 90.77 per Vitesco share. The acquisition of the block of shares increases Schaeffler AG's stake in Vitesco AG to approximately 38.87%.

### 4.1.3 Business model

210. Vitesco focuses on the development and production of components and system solutions for the powertrain of hybrid and electric vehicles as well as for vehicles with combustion engines. The company's product portfolio includes 48-volt electrification solutions, electric drives and power electronics for hybrid, electric and combustion vehicles. This includes electronic control units, sensors, actuators, turbocharging components and hydraulic components as well as pumps. The company also offers exhaust aftertreatment solutions to reduce vehicle emissions and minimize environmental impact, including technologies such as catalytic converters and dosing systems.

211. The product range is aimed at light vehicles, including vehicles weighing up to six tons such as passenger cars, crossover vehicles, sports and commercial vehicles, pick-ups, vans and light trucks, as well as commercial vehicles (medium and heavy trucks weighing over six tons and buses), two-wheelers and leisure and off-road vehicles (e.g. agricultural and construction vehicles).

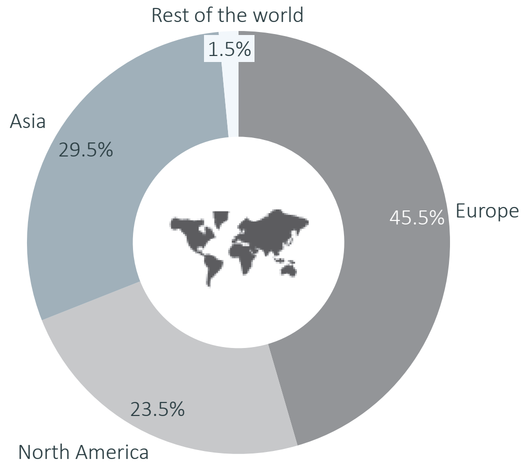
212. Sustainability is an integral part of Vitesco's business model and is at the heart of the company's mission: "Powering clean mobility". With innovative and efficient solutions, the company aims to help reduce the environmental impact of the automotive industry worldwide and promote emission-free mobility in the long term. The company is working on solutions that increase the fuel efficiency of vehicles in order to meet regulatory requirements for emission standards and fuel consumption. This includes technologies to improve combustion efficiency and reduce fuel consumption.

213. Vitesco has a total of 46 locations worldwide. Of these, nine sites are purely production facilities, 25 sites focus mainly on research and development activities, and 12 sites combine manufacturing and research and development (R&D). The company is headquartered in Regensburg, Germany. As of December 31, 2023, Vitesco employed 35,528 people worldwide.

214. Vitesco operates worldwide. Its products are mainly sold in the Europe, North America and Asia/Pacific regions. As in previous years, Europe was the strongest revenue region in the 2023 financial year, accounting for 45.5% of total revenue, followed by the Asia/Pacific and North America regions with 29.5% and 23.5% of total revenue respectively. Vitesco's largest revenue market in Europe is Germany (26.0% of total global revenue). Revenue generated in Germany therefore account for around 75% of total revenue in Europe.

**Breakdown of revenue by region**

*in % of revenue 2023*




215. Thanks to its global presence, Vitesco has an international customer base. In particular, Vitesco has succeeded in establishing a strong market presence with well-known OEMs in Asia, Europe and North America. In addition, the company has developed a broad customer base in major emerging markets such as Mexico and India.

216. As of December 31, 2023, Vitesco's top three customers in Europe are Renault-Nissan-Mitsubishi Group, Stellantis and VW. In Germany, the company's top three customers are BMW, Mercedes Benz and Volkswagen. In North America, Vitesco's biggest revenue are to Cummins, General Motors and Stellantis. In Asia, General Motors, Hyundai Motor and VW are among the company's most important customers. [137]

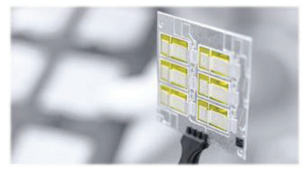
217. In summary, the majority of Vitesco's total revenue is generated by the following top 10 customers: Volkswagen, Stellantis, General Motors, Continental, Ford, Mercedes Benz, Hyundai, Renault-Nissan-Mitsubishi, BMW and Cummins.

218. The focus on innovations in the field of e-mobility has contributed to the company's decision to concentrate the Vitesco Technologies Group's previous four business units - Electronic Controls, Electrification Technology, Sensing & Actuation and Contract Manufacturing - into two newly organized segments from the 2023 financial year: the Powertrain Solutions segment and the Electrification Solutions segment. Compared to its competitors, Vitesco focused on electromobility at an early stage and moved away from combustion technologies. By making this adjustment, Vitesco is aiming to sharpen its strategic focus on the electrification of powertrains. This should enable the company to operate more effectively, efficiently and flexibly in the market for sustainable drive technologies. The clear focus on growth and value creation as part of

[137] See Vitesco 2022 Annual Report, p. 71

the reorganization will also create a more transparent structure. This structure should also enable improved use of resources in the context of ongoing and accelerated change, while at the same time taking the company's sustainability agenda into account.

Segments overview
*Annual figures 2023*

| Powertrain Solutions (66% of Revenue) | Electrification Solutions (34% of Revenue) |
| --- | --- |
|  |  |
| Product Portfolio<br>▪ Electronic Controls<br>▪ Electronic Tranmission<br>▪ Sensors & Actuators<br>▪ Combustion & Ex. After-Treatment | Product Portfolio<br>▪ Electronic Controls<br>▪ High Voltage<br>▪ Low Voltage<br>▪ Fuel Cell<br>▪ Thermal Management |

219. The Powertrain Solutions segment develops innovative, efficient drive system solutions for a wide range of vehicles, including passenger cars, commercial vehicles and two-wheelers, as well as for new mobility concepts. Scalability and modularity in production enable the company to meet the requirements of different vehicle types on just a few production lines. With systems and components for electric, hybrid and combustion engines, they contribute to clean, efficient and cost-effective drive technology. The product portfolio is divided into the categories ICE (Internal Combustion Engine) and Electrified Business. In the ICE area, there are core and non-core products (hereinafter referred to as "core" and "non-core"). In the case of non-core products, some products are in the active phase-out, such as diesel and gas injectors and high-pressure pumps, whose contracts are gradually expiring and are no longer to be renewed. In addition, products such as fuel supply modules and selective catalytic reduction (SCR) dosing systems are part of the passive phase-out, which means that new business is still offered on a selective basis, provided it is based on existing products/systems. The product portfolio of the core business includes in particular sensors such as airflow, combustion and head sensors, emission and exhaust gas sensors, as well as electronic air intake/exhaust throttles, evaporation modules/valves, etc. The Electrified Business is in turn divided into Electrified ICE, which primarily includes plug-in hybrids, and Pure Electric, which comprises products for fuel cell vehicles, for example. The Powertrain Solutions segment also includes contract manufacturing. This relates to revenue generated through the manufacture of products for Continental. As a result of the spin-off, the plants were split between Vitesco and Continental. Some of these plants not only produce electronic products for Vitesco, but also electronic products such as radar sensors and electronic brake systems for Continental. At the time, it was agreed that both parties would continue to supply certain products for a certain period of time. However, contract manufacturing will come to an end in the near future.

220. The Electrification Solutions segment develops electrified drive solutions for the automotive industry, including battery electric, hybrid and fuel cell electric vehicles. With its expertise in drive systems, it offers components and turnkey systems and develops operating strategies to optimize performance and efficiency. The product portfolio includes electric drive systems such as the integrated axle drive, 48V mild hybrid drives & DCDC as well as thermal management solutions. On the other hand, it includes so-called "Controls", which include products such as inverters, master/zone controllers, battery management systems, high-voltage boxes and gasoline engine control units. The Electrification Solutions segment is Vitesco's growth segment. In view of the increasing electrification of the global vehicle fleet, a disproportionately high increase in revenue is expected here in the coming years.

### 4.1.4 Corporate strategy

221. At the start of the 2023 financial year, Vitesco carried out a reorganization that aligns the company's focus with the electrification business. This structural adjustment will sharpen Vitesco's strategic focus on drive electrification. The aim is to be able to operate more effectively, efficiently and flexibly in a market for sustainable drive technologies.[138] In addition, the reorganization should enable more efficient use of existing management resources and increase transparency, particularly with regard to the growth of the electrification business and the progress of the transformation in the Powertrain Solutions division.

222. The corporate vision "Electrified. Emotion. Everywhere" represents Vitesco's ambition to pave the way to clean mobility through electrification. Vitesco's goal is to develop intelligent and reliable solutions through intensive research. The aim is to enable e-mobility everywhere in line with the company's motto - *"for all markets, all architectures and all people"*. By 2030, Vitesco therefore aims to be the leading provider of battery-electric vehicle drives and to generate the majority of its revenue in the electrification business. This focus is based on the conviction that powertrains will be electrified in the future. As part of "DIRECTION 2030", Vitesco has defined five focus areas with qualitative and quantitative targets that serve as concrete examples of strategy implementation:

i. The "Leader in Electrified Solution" focus area is based on the conviction that all future powertrains will be electrified. Vitesco aims to be a leading provider in the field of battery-electric vehicle drives. Accordingly, the majority of revenue are to be generated in the electrification business by 2030.

ii. The focus area "Business Excellence" is the basis for managing the transition from combustion engines to electrified drive systems. Only with a focus on customer satisfaction and efficient production can existing customers be satisfied and new business contracts won. A strong focus on the cost structure and modularity ensures that Vitesco maintains a high level of profitability in order to finance future growth and ensure competitiveness in a volatile market environment.

---

[138] See Vitesco 2022 annual report, p. 179.

iii. In line with the focus area "Great People, Great Company", Vitesco sees its employees as the key to future and sustainable business success. Accordingly, employee satisfaction is to be increased in order to retain specialists at Vitesco in the long term. In addition, a strong corporate brand is to be established.

iv. As part of the "Driver of Sustainability" focus area, among other things, the $CO_2$ footprint is at the centre of attention. Vitesco has set itself the goal of being 100% $CO_2$ -neutral in its own production by 2030 at the latest. The aim is to achieve complete $CO_2$ neutrality along the entire value chain by 2040 at the latest. Products are also to be optimized in terms of emissions reduction through life cycle engineering throughout the entire product life cycle, from resource extraction to recycling.

v. The "Investor Choice" focus area concentrates on making Vitesco particularly attractive to investors. Gradually increasing profitability is to be achieved by focusing on core activities. This will also make it possible to finance future growth.

223. Vitesco is pursuing a growth strategy for the Electrification Solutions segment in particular. Electrification growth is to be achieved by ramping up 75 projects by 2025. In view of challenges such as the semiconductor crisis and the impact of the war in Ukraine, Vitesco is planning price increases and pursuing negotiation strategies to pass on cost increases to customers. The strategic direction for DIRECTION 2030 reinforces key themes such as "BEV first" and electrification. In addition, the continuous optimization of products across different generations should lead to efficiency increases and price reductions for customers.

224. The Powertrain Solutions segment is focusing its strategy on electrifying vehicle drives and developing efficient system solutions for the powertrain. This is taking place against the background of the increasing trend towards electrification on the market, particularly in passenger cars, commercial vehicles, two- and three-wheelers and the aftermarket. The segment recognizes particular growth potential in the two-wheeler business, especially in the Asian market, and aims to transfer existing technologies to new fields of application.

### 4.1.5 Earnings position, assets and financial position

225. The historical analysis of the results of operations, assets and financial position forms the starting point for the analysis of the business plan and for plausibility assessments.[139] For comparison purposes, the budget for the period 2021 to 2023 has therefore already been compared with the actual figures at this point. The business plan for the years 2024 to 2028 is discussed in detail in section 4.2.

226. As part of the historical analysis of the results of operations, assets and financial position, the financial years 2021 to 2023 are discussed below.

[139] See IDW S 1 as amended in 2008, para. 72 and DVFA recommendations, 2012, p. 23.

#### 4.1.5.1 Earnings position

227. The following overview shows Vitesco's adjusted earnings position for the 2021 to 2023 financial years in accordance with IFRS:

| **Adjusted Profit & Loss Statement** | **Historical (adj.)** | | | **Projection** | | | | |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| **Revenues** | **8,348.5** | **9,070.0** | **9,233.2** | **8,817.5** | **9,869.4** | **11,236.3** | **12,248.2** | **12,899.8** |
| *growth (yoy)* | - | *8.6%* | *1.8%* | *-4.5%* | *11.9%* | *13.8%* | *9.0%* | *5.3%* |
| Cost of sales | -7,228.1 | -7,912.9 | -7,820.9 | -7,385.0 | -8,197.9 | -9,214.3 | -10,011.5 | -10,525.5 |
| **Gross profit** | **1,120.4** | **1,157.1** | **1,412.3** | **1,432.5** | **1,671.5** | **2,022.0** | **2,236.7** | **2,374.3** |
| *in % of revenues* | *13.4%* | *12.8%* | *15.3%* | *16.2%* | *16.9%* | *18.0%* | *18.3%* | *18.4%* |
| Selling, general and administrative cost | -357.2 | -353.1 | -403.2 | -349.9 | -349.8 | -371.5 | -376.7 | -380.3 |
| Research and development cost | -1,031.8 | -1,005.2 | -1,020.2 | -955.5 | -976.2 | -974.2 | -1,044.4 | -1,022.4 |
| Other operating income | 576.3 | 551.1 | 480.2 | 352.3 | 321.2 | 295.8 | 294.1 | 284.1 |
| Other operating expenses | -165.8 | -125.8 | -127.0 | -79.7 | -101.5 | -100.6 | -145.2 | -220.0 |
| **EBIT** | **141.9** | **224.1** | **342.1** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** |
| *in % of revenues* | *1.7%* | *2.5%* | *3.7%* | *4.5%* | *5.7%* | *7.8%* | *7.9%* | *8.0%* |
| Total depreciations (throughout all functions) | 508.4 | 540.7 | 495.0 | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 |
| **EBITDA** | **650.3** | **764.8** | **837.1** | **907.7** | **1,151.7** | **1,505.5** | **1,659.7** | **1,761.4** |
| *in % of revenues* | *7.8%* | *8.4%* | *9.1%* | *10.3%* | *11.7%* | *13.4%* | *13.6%* | *13.7%* |
| Financial results | -5.9 | -45.3 | -26.5 | -30.8 | -40.7 | -41.1 | -32.5 | -28.9 |
| **Results from ordinary activities** | **136.0** | **178.8** | **315.6** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** |
| Extraordinary results | -102.4 | -80.8 | -169.9 | - | - | - | - | - |
| **Income before tax** | **33.6** | **98.0** | **145.7** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** |
| *in % of revenues* | *0.4%* | *1.1%* | *1.6%* | *4.2%* | *5.3%* | *7.4%* | *7.6%* | *7.8%* |
| Taxes on income | -155.6 | -74.4 | -242.1 | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 |
| *Effective tax rate (in %)* | *463.1%* | *75.9%* | *166.2%* | *38.2%* | *34.8%* | *28.9%* | *27.7%* | *25.8%* |
| **Annual result** | **-122.0** | **23.6** | **-96.4** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** |
| *in % of revenues* | *-1.5%* | *0.3%* | *-1.0%* | *2.6%* | *3.5%* | *5.3%* | *5.5%* | *5.8%* |

### Adjustments to the historical earnings position

228. In accordance with IDW S 1 and the DVFA recommendations, the operating surpluses (EBITDA, EBIT) must be adjusted as part of the historical analysis in order to clarify the effective causes of past earnings. Adjustments made for extraordinary influences must be explicitly explained.

229. Adjustments to the earnings position are presented here for the period from financial years 2021 to 2023. Adjustments were made by ValueTrust in consultation with Vitesco. No adjustments were made in connection with the Covid-19 pandemic, as the effects cannot be precisely quantified.[140]

[140] The adjustments were made by the valuation expert to present a margin adjusted for special items and differ in part from the adjustments in the annual reports, which result in "EBIT adjusted".

| Adjusted Profit & Loss Statement | Historical (unadj.) | | | Adjustments | | | Historical (adj.) | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| **Revenues** | **8,348.5** | **9,070.0** | **9,233.2** | **-** | **-** | **-** | **8,348.5** | **9,070.0** | **9,233.2** |
| *growth (yoy)* | - | *8.6%* | *1.8%* | - | - | - | - | *8.6%* | *1.8%* |
| Cost of sales | -7,228.1 | -7,912.9 | -7,820.9 | - | - | - | -7,228.1 | -7,912.9 | -7,820.9 |
| **Gross profit** | **1,120.4** | **1,157.1** | **1,412.3** | **-** | **-** | **-** | **1,120.4** | **1,157.1** | **1,412.3** |
| *in % of revenues* | *13.4%* | *12.8%* | *15.3%* | - | - | - | *13.4%* | *12.8%* | *15.3%* |
| Selling, general and administrative cost | -357.2 | -353.1 | -403.2 | - | - | - | -357.2 | -353.1 | -403.2 |
| Research and development cost | -1,031.8 | -1,005.2 | -1,020.2 | - | - | - | -1,031.8 | -1,005.2 | -1,020.2 |
| Other operating income | 810.4 | 593.4 | 556.0 | -234.1 | -42.3 | -75.8 | 576.3 | 551.1 | 480.2 |
| Other operating expenses | -502.3 | -248.9 | -372.7 | 336.5 | 123.1 | 245.7 | -165.8 | -125.8 | -127.0 |
| **EBIT** | **39.5** | **143.3** | **172.2** | **102.4** | **80.8** | **169.9** | **141.9** | **224.1** | **342.1** |
| *in % of revenues* | *0.5%* | *1.6%* | *1.9%* | - | - | - | *1.7%* | *2.5%* | *3.7%* |
| Total depreciations (throughout all functions) | 484.4 | 560.0 | 575.9 | 24.0 | -19.3 | -80.9 | 508.4 | 540.7 | 495.0 |
| **EBITDA** | **523.9** | **703.3** | **748.1** | **126.4** | **61.5** | **89.0** | **650.3** | **764.8** | **837.1** |
| *in % of revenues* | *6.3%* | *7.8%* | *8.1%* | - | - | - | *7.8%* | *8.4%* | *9.1%* |
| Financial results | -5.9 | -45.3 | -26.5 | - | - | - | -5.9 | -45.3 | -26.5 |
| **Results from ordinary activities** | **33.6** | **98.0** | **145.7** | **102.4** | **80.8** | **169.9** | **136.0** | **178.8** | **315.6** |
| Extraordinary results | - | - | - | -102.4 | -80.8 | -169.9 | -102.4 | -80.8 | -169.9 |
| **Income before tax** | **33.6** | **98.0** | **145.7** | **-** | **-** | **-** | **33.6** | **98.0** | **145.7** |
| *in % of revenues* | *0.4%* | *1.1%* | *1.6%* | - | - | - | *0.4%* | *1.1%* | *1.6%* |
| Taxes on income | -155.6 | -74.4 | -242.1 | - | - | - | -155.6 | -74.4 | -242.1 |
| *Effective tax rate (in %)* | *463.1%* | *75.9%* | *166.2%* | - | - | - | *463.1%* | *75.9%* | *166.2%* |
| **Annual result** | **-122.0** | **23.6** | **-96.4** | **-** | **-** | **-** | **-122.0** | **23.6** | **-96.4** |
| *in % of revenues* | *-1.5%* | *0.3%* | *-1.0%* | - | - | - | *-1.5%* | *0.3%* | *-1.0%* |

230. Total one-off income of EUR 234.1 million was generated in 2021, EUR 42.3 million in 2022 and EUR 75.8 million in 2023, which was adjusted in the respective years. Total one-off expenses of EUR 336.5 million were incurred in 2021, EUR 123.1 million in 2022 and EUR 245.7 million in 2023, which were adjusted in the respective years.

231. These include, in particular, reversals of impairment losses and impairment losses on property, plant and equipment and intangible assets. The adjustments made to reversals of impairment losses within other income amounted to EUR 124.8 million in 2021, EUR 0.2 million in 2022 and EUR 0.3 million in 2023. In addition, adjustments were made to income from the reversal of impairment losses on financial assets and contract assets in the amount of EUR 8.9 million in 2021, EUR 14.4 million in 2022 and EUR 21.2 million in 2023. The adjustments to impairments within other expenses amounted to EUR 96.4 million in 2021, EUR 15.5 million in 2022 and EUR 10.5 million in 2023. In addition, expenses from impairments on financial assets and contract assets in the amount of EUR 10.6 million in 2021, EUR 18.0 million in 2022 and EUR 25.2 million in 2023 were recognized and adjusted as non-recurring expenses. Depreciation on intangible assets from purchase price allocation amounted to EUR 2.7 million in 2021, EUR 0.4 million in 2022 and EUR 0.1 million in 2023, which were also adjusted.

232. Expenses for severance payments from non-restructuring-related personnel adjustment measures totalling EUR 9.8 million in 2021, EUR 9.3 million in 2022 and EUR 12.7 million in 2023 were adjusted accordingly. Furthermore, the income from the reversal of provisions for severance payments in the amount of EUR 1.9 million in 2021, EUR 3.4 million in 2022 and EUR 3.2 million in 2023 was adjusted.

233. As part of the spin-off from Continental AG and the IPO, Vitesco incurred expenses totalling EUR 96.2 million in 2021, EUR 16.8 million in 2022 and EUR 13.6 million in 2023, which were recognized as further Adjustments.

234. In addition, expenses were incurred due to obligations in connection with issuing issues, which amounted to EUR 80.0 million in 2021, EUR 24.2 million in 2022 and EUR 24.7 million in 2023 and represent adjustments.

235. Further one-off income and expenses arose from the adjustment and reversal of restructuring provisions that were no longer required. After deducting impairments, this resulted in income of EUR 15.3 million in 2021, an expense of EUR 10.2 million in 2022 and income of EUR 28.6 million in 2023. Furthermore, there were non-recurring expenses of EUR 12.5 million in 2021, EUR 8.0 million in 2022 and non-recurring income of EUR 2.2 million in 2023 in connection with restructuring-related charges, which were also adjusted.

236. In 2021, Vitesco sold parts of Vitesco Technologies Korea LLC, South Korea, in the Contract Manufacturing business unit with a gain of EUR 61.0 million. In the Sensing & Actuation business unit, income of EUR 5.4 million was generated from the sale of the company Vitesco Technologies Faulquemont SAS, France. The acquisition of production parts from Continental AG resulted in one-off expenses of EUR 20.0 million in 2021, which were also adjusted.

237. The gains resulting in 2022 from the sale of Vitesco Technologies Delavan LLC, USA, in the amount of EUR 3.4 million and the expenses for the planned sale of Vitesco Tecnologia Brasil Automotiva Ltda, Brazil, in the amount of EUR 4.1 million as well as expenses for the preparations for the sale of the catalytic converters and exhaust filters product line in the amount of EUR 1.2 million in 2022 have been recognized as further adjustments.

238. In 2023, Vitesco sold the Catalysts and Exhaust Filters division and two companies belonging to the Powertrain Solutions segment, which resulted in a total expense of EUR 52.9 million after deduction of impairment losses. Incidental acquisition costs of EUR 2.2 million arose from the purchase of companies and business divisions, which were also adjusted within other expenses. One-off expenses of EUR 15.4 million were incurred in 2023 in connection with the offer review and preparations for the integration into Schaeffler, which were adjusted.

239. Vitesco recorded income from asset sales of EUR 16.8 million in 2021, EUR 10.7 million in 2022 and EUR 22.5 million in 2023. In contrast, Vitesco recorded losses from asset disposals and scrapping of EUR 8.3 million in 2021, EUR 8.4 million in 2022 and EUR 10.7 million in 2023. The net gains from the sale of assets and scrapping therefore amounted to EUR 8.5 million in 2021, EUR 2.3 million in 2022 and EUR 11.8 million in 2023.

240. Vitesco's adjusted earnings position for the 2021 to 2023 financial years in accordance with IFRS is described below:

### Description of the adjusted, historical earnings position

| **Adjusted Profit & Loss Statement** | **Historical (adj.)** | | | **Projection** | | | | |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| **Revenues** | **8,348.5** | **9,070.0** | **9,233.2** | **8,817.5** | **9,869.4** | **11,236.3** | **12,248.2** | **12,899.8** |
| *growth (yoy)* | - | *8.6%* | *1.8%* | *-4.5%* | *11.9%* | *13.8%* | *9.0%* | *5.3%* |
| Cost of sales | -7,228.1 | -7,912.9 | -7,820.9 | -7,385.0 | -8,197.9 | -9,214.3 | -10,011.5 | -10,525.5 |
| **Gross profit** | **1,120.4** | **1,157.1** | **1,412.3** | **1,432.5** | **1,671.5** | **2,022.0** | **2,236.7** | **2,374.3** |
| *in % of revenues* | *13.4%* | *12.8%* | *15.3%* | *16.2%* | *16.9%* | *18.0%* | *18.3%* | *18.4%* |
| Selling, general and administrative cost | -357.2 | -353.1 | -403.2 | -349.9 | -349.8 | -371.5 | -376.7 | -380.3 |
| Research and development cost | -1,031.8 | -1,005.2 | -1,020.2 | -955.5 | -976.2 | -974.2 | -1,044.4 | -1,022.4 |
| Other operating income | 576.3 | 551.1 | 480.2 | 352.3 | 321.2 | 295.8 | 294.1 | 284.1 |
| Other operating expenses | -165.8 | -125.8 | -127.0 | -79.7 | -101.5 | -100.6 | -145.2 | -220.0 |
| **EBIT** | **141.9** | **224.1** | **342.1** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** |
| *in % of revenues* | *1.7%* | *2.5%* | *3.7%* | *4.5%* | *5.7%* | *7.8%* | *7.9%* | *8.0%* |
| Total depreciations (throughout all functions) | 508.4 | 540.7 | 495.0 | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 |
| **EBITDA** | **650.3** | **764.8** | **837.1** | **907.7** | **1,151.7** | **1,505.5** | **1,659.7** | **1,761.4** |
| *in % of revenues* | *7.8%* | *8.4%* | *9.1%* | *10.3%* | *11.7%* | *13.4%* | *13.6%* | *13.7%* |
| Financial results | -5.9 | -45.3 | -26.5 | -30.8 | -40.7 | -41.1 | -32.5 | -28.9 |
| **Results from ordinary activities** | **136.0** | **178.8** | **315.6** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** |
| Extraordinary results | -102.4 | -80.8 | -169.9 | - | - | - | - | - |
| **Income before tax** | **33.6** | **98.0** | **145.7** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** |
| *in % of revenues* | *0.4%* | *1.1%* | *1.6%* | *4.2%* | *5.3%* | *7.4%* | *7.6%* | *7.8%* |
| Taxes on income | -155.6 | -74.4 | -242.1 | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 |
| *Effective tax rate (in %)* | *463.1%* | *75.9%* | *166.2%* | *38.2%* | *34.8%* | *28.9%* | *27.7%* | *25.8%* |
| **Annual result** | **-122.0** | **23.6** | **-96.4** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** |
| *in % of revenues* | *-1.5%* | *0.3%* | *-1.0%* | *2.6%* | *3.5%* | *5.3%* | *5.5%* | *5.8%* |

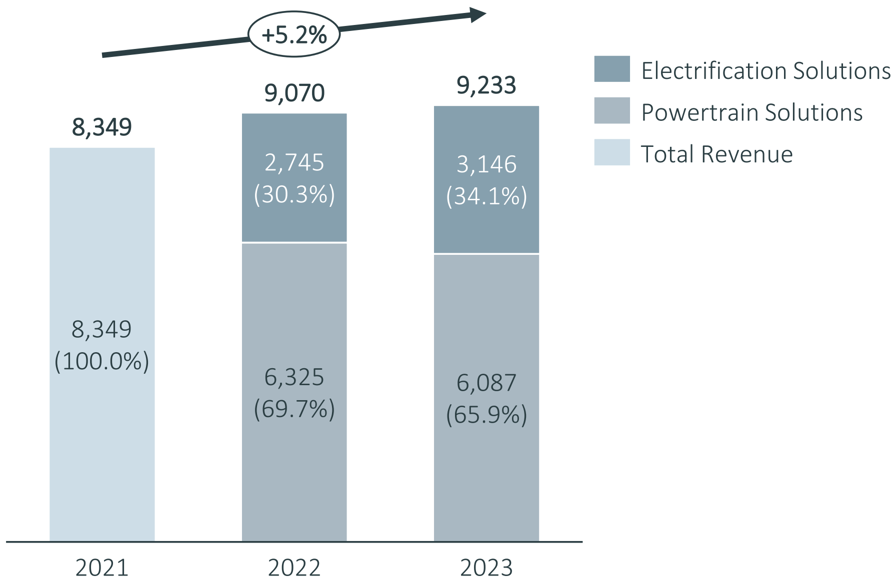
241. Revenue volume is the primary driver of revenue for Vitesco and is influenced by several factors, including general market conditions in key markets, product prices, the introduction of new products, regulatory developments and competition from other modes of transportation. In the 2022 financial year, Vitesco recorded an increase in revenue of EUR 721.5 million or 8.6%, which corresponds to an increase to EUR 9,070.0 million compared to EUR 8,348.5 million in the 2021 financial year. This growth was mainly driven by an increase in volume in the Electrification Solutions segment due to higher revenue volumes of power electronics and 48V drive systems as well as the ramp-up of high-voltage axle drive systems.

242. In 2023, Vitesco strengthened its focus on the electrification business. Nevertheless, the company recorded a slight decline in growth of 1.8% with revenue of EUR 9,233.2 million. The lower growth was mainly due to the planned sharp decline in contract manufacturing for Continental. Revenues continued to be impacted by the effects of the Covid-19 pandemic, existing supply

bottlenecks for key components such as semiconductors and the negative effects of the war in Ukraine.

243. The breakdown of revenue by segment is as follows:

**Revenue by segment (in EUR m)** [141]




244. The exact breakdown of revenue between the newly introduced segments is not available for the 2021 financial year. In 2023, the Powertrain Solutions segment recorded revenue of EUR 6,087.2 million. This represents a decrease of EUR 237.6 million or 3.8% compared to 2022 against the background of the planned reduction in revenue in non-core activities (Non-Core ICE) and the significant reduction in contract manufacturing for the Continental Corporation. The activities in Non-Core ICE primarily comprise hydraulic and turbocharger products, for which a gradual phase-out is planned, with two approaches being pursued: an active phase-out and a passive phase-out. In contrast, products such as actuators, sensors, aftermarket and the non-automotive business are part of the core business (Core ICE), which continues to generate continuous engagement.

245. The slight improvement in the availability of semiconductors in 2023 had a positive impact on the Powertrain Solutions segment's revenue. In addition, the revenue development of Powertrain Solutions over the past three years reflected the strategy of managing the transition from traditional combustion engine parts to electric vehicle components. While revenue from the combustion engine product portfolio declined, the electrification product portfolio recorded

[141] Other, holding and consolidation revenues were allocated to the segments for presentation purposes on the basis of the respective segment revenues.

growth. The actuator business in particular developed positively in the context of the electrification of vehicles in 2023. With the increasing use of electric motors, demand for actuators, which are required to control various vehicle functions, also rose.

246. Growth in the aftermarket and non-automotive business, such as the two-wheeler business, is mainly attributable to electrification and the engineering manufacturing service business. Although revenue in the Aftermarket for combustion engines recorded a slower growth rate in the years 2021 to 2023, average annual growth was positive. This can be attributed to several drivers. Firstly, the ageing of the car population is contributing to increased demand for spare parts and services in the aftermarket. The increasing complexity of modern vehicles is also increasing the need for qualified specialists and special tools in the aftermarket. In addition, the demand for online services is growing as customers increasingly use online channels to search for information and purchase products. The electrification of the automotive sector is leading to the gradual withdrawal of vehicles with combustion engines from the market. This and the longer service life of modern vehicles are increasing the demand for spare parts and services in the aftermarket, while the trend towards online purchases is intensifying competition. In contrast, the aftermarket for electrified vehicles and other innovative powertrains recorded increasing growth, reflecting a shift in demand in the spare parts business.

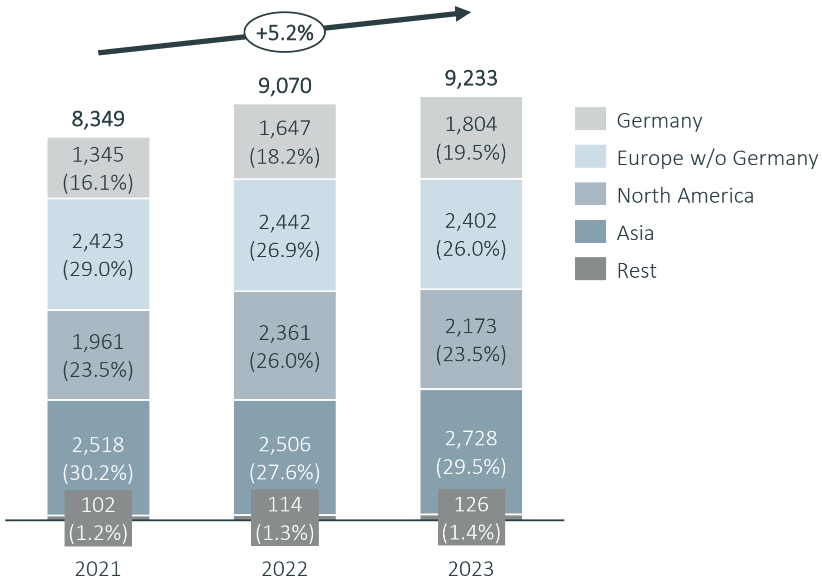
247. Vitesco's Electrification Solutions segment recorded an increase in revenue from EUR 2,745 million in 2022 to EUR 3,146 million in 2023, which corresponds to an increase of around 14.6%. Several factors were the main drivers of this growth. Firstly, the increasing global demand for electrified vehicles contributed to this. This increase in demand was reflected in an increased need for components and systems required for the electrification of vehicles.

248. Another driver was the successful market launch of new products by Vitesco in the Electrification Solutions segment. The company has continuously invested in the development of innovative solutions to meet the changing requirements of the market. In particular, the introduction of the 48-volt mild hybrid system, the electric drivetrain and the thermal management system made a significant contribution to revenue growth.

249. Geographical factors also played a role, particularly the high demand for high-voltage electric drives and power electronics in China and Germany.

250. Revenue by region for the years 2021 to 2023 are as follows

**Revenue by region (in EUR m)**




251. Vitesco's revenues reflect a diverse regional distribution. Asia remains the dominant market for Vitesco with a revenue share of 27.6% in 2022, which continued in 2023 and rose to 29.5%. The share of revenue in North America shows an increase from 23.5% in 2021 to 26.0% in 2022 and a decline to 23.5% in 2023. The share of revenue from Germany increased from 16.1% in 2021 to 19.5% in 2023, with the rest of Europe contributing 26.0% of total revenue in 2023. Close relationships with well-known customers in all regions in which Vitesco is active support Vitesco's regional diversification.

252. The cost of revenue increased by EUR 684.8 million or 9.5% to EUR 7,912.9 million in the 2022 financial year, while the cost of revenue in the 2023 financial year decreased by EUR 92.0 million or 1.2% compared to the previous year 2022. The slight decrease is partly due to efficiency improvements and partly to the lower increase in revenue in the same period. At 84.7% in the 2023 financial year, the ratio of cost of revenue to revenue decreased compared to 87.2% in the 2022 financial year. One of the main reasons for this development was the economies of scale achieved. In the 2022 financial year, the procurement of production materials, particularly semiconductors and raw materials, was negatively impacted by a significant increase in procurement costs. In addition, the procurement of non-production materials was subject to a significant price increase due to higher energy and logistics costs. In the 2022 financial year, a considerable portion of the increased expenses for production materials could still be passed on to customers. In addition, the discontinuation of the "Hydraulics" product line (pumps and injectors) led to savings in the fixed cost of revenue. In contrast, revenue growth in the areas

of high-voltage power electronics and high-voltage axle drive systems led to an increase in the cost of revenue.

253. The ratio of personnel expenses to revenue was 23.7% in 2021, 23.3% in 2022 and 24.2% in 2023. Due to the transfer of production capacities in the Contract Manufacturing segment to the Continental Corporation, the sale of business units and the implementation of planned restructuring measures, the number of employees in the Powertrain Solutions segment fell by 3,200 to 20,391 in 2023. At the same time, the number of employees in the Electrification Solutions segment and the central functions was increased. The number of employees in the Electrification Solutions segment rose by 675 to 15,071 in 2023. These changes were associated with both the spin-off and the expansion of production capacity. In 2023, an average of 35,528 people were employed at Vitesco, including the holding company.

254. Distribution and logistics costs amounted to 1.6% of revenue in 2023, compared to 1.6% in 2022 and 1.7% in 2021. In absolute terms, costs fell from EUR 143.6 million in 2021 to EUR 141.5 million in 2022 and increased to EUR 149.4 million in 2023. The decrease in 2022 is due to further optimization of the Vitesco revenue structure following the spin-off from Continental, while the increase in 2023 is mainly due to one-off expenses in the revenue organization in connection with customer negotiations to pass on cost increases.

255. General and administrative expenses amounted to 2.7% of revenue in 2023, compared to 2.3% in 2022 and 2.6% in the previous year. In absolute terms, costs fell from EUR 213.6 million in 2021 to EUR 211.6 million in 2022 and then rose to EUR 253.8 million in 2023. In the 2021 to 2023 financial years, general and administrative expenses included the costs of the governance functions for the Group, including personnel expenses, expenses for insurance and for auditing and organizational services.

256. R&D costs remained relatively stable in absolute terms over the historical period, with values between EUR 1,031.8 million in 2021, EUR 1,005.2 million in 2022 and EUR 1,020.2 million in 2023. In 2022 and 2023, the focus shifted increasingly to R&D in the area of electrification technology. The current focus is on specific sensors and actuators for electric motors, batteries, fuel cells and vehicle access. In relation to the increase in revenue, there is a downward trend in the R&D cost ratio: 12.4% in 2021, 11.1% in 2022 and 11.0% in 2023. Overall, R&D activities remain at a constant level.

257. Vitesco's R&D activities can be broken down into various areas as follows:

- Development of technologies in the field of electrification, in particular integrated axle drives, high-voltage power inverters and high-voltage electronics boxes. The aim is to increase the efficiency of axle drives, improve scalability and achieve cost benefits through weight reduction. R&D activities for electrification account for the largest share of total R&D costs.

- R&D in the field of electronic control systems, in particular power inverters and semiconductor technologies such as silicon carbide (SiC). Focus on systems for the efficient control of electrified drives using innovative electronics and modular software

- Development of specific sensors and actuators for various applications, including electric motors, batteries, fuel cells and vehicle access

258. In 2021, adjusted other income amounted to EUR 576.3 million and decreased slightly to EUR 551.1 million in 2022 and to EUR 480.2 million in 2023. The main components of this income were income from R&D, the reversal of provisions, compensation for claims against customers and suppliers and reimbursements for customer tools. In the specific context, income from R&D amounted to EUR 339.1 million in 2021, EUR 344.8 million in 2022 and EUR 340.6 million in 2023. Adjusted income from the reversal of provisions amounted to EUR 110.6 million in 2021, EUR 134.7 million in 2022 and EUR 64.4 million in 2023. Compensation for claims against customers and suppliers initially decreased from EUR 44.5 million in 2021 to EUR 21.4 million in 2022 and then increased to EUR 21.4 million in 2023. Reimbursements for customer tools recorded an increase from EUR 3.7 million in 2021 to EUR 7.6 million in 2022 and decreased to EUR 6.3 million in 2023. Other income mainly includes income from the offsetting of services to the Continental Corporation, insurance commissions, reimbursement of other taxes and government grants and showed a decrease over the observation period. Other income decreased from EUR 77.3 million in 2021 to EUR 36.4 million in 2023.

259. Vitesco's adjusted other expenses amounted to EUR 165.8 million in 2021, decreased to EUR 125.8 million in 2022 and remained stable at EUR 127.0 million in 2023. The main components of these expenses include additions to specified warranties and provisions, compensation for customer and supplier claims, expenses for customer tools and additions to provisions for process and environmental risks. In detail, additions to specified warranties and provisions for restructuring measures amounted to EUR 138.4 million in 2021, EUR 96.8 million in 2022 and EUR 71.2 million in 2023. Compensation for customer and supplier claims decreased from EUR 14.0 million in 2021 to EUR 9.3 million in 2022 and increased to EUR 18.7 million in 2023. In contrast, expenses for customer tools increased from EUR 0.7 million in 2021 to EUR 6.9 million in 2022 and decreased to EUR 2.5 million in 2023. Additions to provisions for process and environmental risks amounted to EUR 8.4 million in 2021, EUR 1.1 million in 2022 and EUR 0.8 million in 2023. Other expenses include expenses for other taxes and charges for services from the Continental Corporation and increased from EUR 4.3 million in 2021 to EUR 11.7 million in 2022 and further to EUR 33.8 million in 2023.

260. Unadjusted earnings before interest and taxes (EBIT) increased from EUR 39.5 million in 2021 to EUR 143.3 million in 2022. The increase in 2022 is primarily due to the 50% decrease in other expenses, which in turn is due to lower expenses from obligations in connection with issuing issues in the amount of 70% compared to the previous year and lower impairment losses on property, plant and equipment and intangible assets in the amount of 84% compared to the

previous year. Unadjusted earnings before interest and taxes (EBIT) also increased from EUR 143.3 million in 2022 to EUR 172.2 million in 2023. The increase in 2023 is due to a slight decrease in the cost of revenue ratio in relation to revenue from 87% in 2022 to 85% in 2023.

261. Adjusted EBIT initially increased from EUR 141.8 million in 2021 to EUR 224.1 million in 2022 and then again to EUR 342.1 million in 2023 due to the factors described above. Vitesco's adjusted EBIT margin thus initially improved from 1.7% in 2021 to 2.5% in 2022 and 3.7% in 2023.

262. Depreciation and amortization before adjustments amounted to EUR 484.4 million in 2021, EUR 560.0 million in 2022 and EUR 575.9 million in 2023. This included both depreciation of property, plant and equipment and amortization of intangible assets. In 2021, adjustments in the amount of EUR 24.0 million resulted from write-ups on intangible assets from purchase price allocation (PPA) in the amount of EUR 2.7 million, reversals of impairment losses on financial assets and contract assets in the amount of EUR 1.7 million and the write-ups on property, plant and equipment totalling EUR 28.4 million. EUR -19.3 million from amortization of intangible assets from purchase price allocation (PPA) in the amount of EUR 0.4 million, reversal of impairment losses on financial assets and contract assets in the amount of EUR 3.6 million and impairment losses on property, plant and equipment totalling EUR 15.3 million. In 2023, adjustments in the amount of EUR -80.9 million resulted from amortization of intangible assets from purchase price allocation (PPA) in the amount of EUR 0.1 million, reversal of impairment losses on financial assets and contract assets in the amount of EUR 4.0 million and from impairment losses on property, plant and equipment and goodwill totalling EUR 76.8 million. Depreciation and amortization, taking into account the adjustments, therefore amounted to EUR 508.4 million in 2021, EUR 540.7 million in 2022 and EUR 495.0 million in 2023.

263. Adjusted EBITDA increased from EUR 650.3 million in 2021 to EUR 764.8 million in 2022 and to EUR 837.1 million in 2023. The EBITDA margin increased from 7.8% in 2021 to 8.4% in 2022 and to 9.1% in 2023. The increase in 2022 is due to the additional contribution margin from the increase in revenue and positive effects from final negotiations on warranty issues as well as high fixed cost discipline. By restructuring and optimizing the non-core portfolio based on the strategic decision to focus on less dilutive non-core revenue, the company succeeded in further increasing overall profitability in 2023. Despite high upfront and start-up costs for new electrification orders, the Core ICE business in the Electrification Solutions segment recorded positive results due to the general market development and stabilized supply chains. In addition, Vitesco implemented strict cost containment measures and was able to pass on a significant portion of the increased cost of revenue to customers. The increase in the EBITDA margin in 2023 is due to the improvement in the gross margin.

264. The financial result, consisting of the interest and investment result, fell from EUR -5.9 million in 2022 to EUR -45.3 million in 2021 before reaching EUR -26.5 million in 2023. In 2021, interest income in the amount of EUR 16.6 million and positive effects from currency translation in the amount of EUR 13.7 million were offset by interest expenses, effects from changes in the fair value of derivative financial instruments and other measurement effects as well as the compounding of long-term employee benefits in the total amount of EUR -36.2 million. In 2022, increased expenses consisting of interest expenses (EUR 25.5 million), negative effects from

currency translation (EUR 53.5 million) and compounding of long-term employee benefits (EUR 16.3 million) totalling EUR -95.3 million contributed to a lower financial result. This was offset by interest income (EUR 44.4 million) and positive effects from changes in the fair value of derivative financial instruments and other measurement effects (EUR 5.6 million). Lower expenses in 2023 totalling EUR 54.6 million, due to a recovery from currency translation effects of EUR -53.5 million plus EUR 0.8 million in 2023 and interest income of EUR 32.3 million led to an improved interest and investment result of EUR -26.5 million.

265. Meanwhile, the result from ordinary activities amounted to EUR 136.0 million in 2021 and rose to EUR 178.8 million in 2022 and EUR 315.6 million in 2023. The extraordinary result rose from EUR -102.4 million in 2021 to EUR -80.8 million in 2022 and fell to EUR -169.9 million in 2023. The adjustments made are corrected as part of the "extraordinary result" so that the income before taxes and the annual result for the year correspond to the actual figures reported in the annual report. Results from Ordinary Activities consequently developed from EUR 33.6 million in 2021 to EUR 98.0 million in 2022 and EUR 145.7 million in 2023.

266. Income taxes in 2021 in the amount of EUR 155.6 million led to an annual result of EUR -122.0 million. Due to lower income taxes in 2022 in the amount of EUR 74.4 million, the annual result in 2022 rose to EUR 23.6 million. In the 2023 financial year, higher income taxes in the amount of EUR 242.1 million led to an annual result of EUR -96.4 million.

### 4.1.5.2 Assets and financial position

267. The historical assets and financial position of Vitesco as of December 31 of the years 2021 to 2023 are presented below in accordance with IFRS. Deferred tax assets and liabilities are also adjusted.

**Adjustments to the historical assets and financial position**

***Assets***

| Assets | Historical (unadj.) | | | Adjustments | | | Historical (adj.) | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| **Intangible assets** | **976.5** | **1,027.5** | **1,122.0** | **-** | **-** | **-** | **976.5** | **1,027.5** | **1,122.0** |
| Right-of-use assets under leasing | 242.0 | 234.8 | 216.4 | - | - | - | 242.0 | 234.8 | 216.4 |
| Property, plant and equipment | 2,302.9 | 2,179.8 | 2,063.3 | - | - | - | 2,302.9 | 2,179.8 | 2,063.3 |
| **Tangible assets** | **2,544.9** | **2,414.6** | **2,279.7** | **-** | **-** | **-** | **2,544.9** | **2,414.6** | **2,279.7** |
| Investments in joint ventures and associated companies | 16.9 | 18.2 | 20.2 | - | - | - | 16.9 | 18.2 | 20.2 |
| Other financial assets | 23.8 | 23.8 | 15.2 | - | - | - | 23.8 | 23.8 | 15.2 |
| Other assets | 33.3 | 29.4 | 44.2 | - | - | - | 33.3 | 29.4 | 44.2 |
| Non-current derivative financial instruments and interest-bearing investm | 14.4 | 24.5 | 19.5 | - | - | - | 14.4 | 24.5 | 19.5 |
| Deferred tax assets | 269.3 | 271.8 | 265.8 | - | - | 38.4 | 269.3 | 271.8 | 304.2 |
| | - | - | - | - | - | - | - | - | - |
| **Financial Assets** | **357.7** | **367.7** | **364.9** | **-** | **-** | **38.4** | **357.7** | **367.7** | **403.3** |
| **Fixed Assets** | **3,879.1** | **3,809.8** | **3,805.0** | **-** | **-** | **-** | **3,879.1** | **3,809.8** | **3,805.0** |
| **Inventories** | **805.7** | **827.2** | **825.1** | **-** | **-** | **-** | **805.7** | **827.2** | **825.1** |
| **Contract assets** | **1.2** | **0.5** | **3.3** | **-** | **-** | **-** | **1.2** | **0.5** | **3.3** |
| **Trade receivables** | **1,518.9** | **1,631.4** | **1,546.0** | **-** | **-** | **-** | **1,518.9** | **1,631.4** | **1,546.0** |
| **Cash and Equivalents** | **614.0** | **781.1** | **1,063.6** | **-** | **-** | **-** | **614.0** | **781.1** | **1,063.6** |
| Other financial assets | 90.1 | 96.1 | 93.2 | - | - | - | 90.1 | 96.1 | 93.2 |
| Other assets | 499.1 | 457.6 | 285.3 | - | - | - | 499.1 | 457.6 | 285.3 |
| **Other current assets** | **589.2** | **553.7** | **378.5** | **-** | **-** | **-** | **589.2** | **553.7** | **378.5** |
| **Current Assets** | **3,529.0** | **3,793.9** | **3,816.5** | **-** | **-** | **-** | **3,529.0** | **3,793.9** | **3,816.5** |
| **Total Assets** | **7,408.1** | **7,603.7** | **7,583.1** | **-** | **-** | **38.4** | **7,408.1** | **7,603.7** | **7,621.5** |

268. As of December 31, 2023, deferred tax assets include, among other things, effects due to adjustments in connection with the planned merger with Schaeffler. In order to value Vitesco from a stand-alone perspective, the deferred tax assets in 2023 were adjusted for the difference to the projected values for 2023, which abstracted from the planned merger. adjustments led to an increase in deferred tax assets in the amount of EUR 38.4 million. Equity was thus increased by EUR 38.4 million as an offsetting item.

### *Equity & Liabilities*

| **Equity & Liabilities** | **Historical (unadj.)** | | | **Adjustments** | | | **Historical (adj.)** | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| **Equity** | **2,688.3** | **3,061.7** | **2,851.2** | **-** | **-** | **164.3** | **2,688.3** | **3,061.7** | **3,015.5** |
| Provisions (current) | 504.5 | 423.2 | 424.5 | - | - | - | 504.5 | 423.2 | 424.5 |
| Deferred tax liabilities | 57.0 | 41.2 | 140.5 | - | - | -125.9 | 57.0 | 41.2 | 14.6 |
| **Provisions** | **561.5** | **464.4** | **565.0** | **-** | **-** | **-125.9** | **561.5** | **464.4** | **439.1** |
| Loans against promissory note (SSD) | - | 200.0 | 200.0 | - | - | - | - | 200.0 | 200.0 |
| Bank loans and overdrafts | - | - | 295.4 | - | - | - | - | - | 295.4 |
| Lease liabilities | 244.5 | 236.8 | 219.5 | - | - | - | 244.5 | 236.8 | 219.5 |
| Derivative instruments | 24.4 | 10.6 | 11.7 | - | - | - | 24.4 | 10.6 | 11.7 |
| Employee benefits | 866.4 | 524.3 | 624.2 | - | - | - | 866.4 | 524.3 | 624.2 |
| Other debt | - | 0.3 | - | - | - | - | - | 0.3 | - |
| Long-term provisions (interest bearing) | 273.1 | 243.9 | 137.8 | - | - | - | 273.1 | 243.9 | 137.8 |
| **Interest bearing liabilities** | **1,408.4** | **1,215.9** | **1,488.6** | **-** | **-** | | **1,408.4** | **1,215.9** | **1,488.6** |
| Trade payables | 1,958.2 | 2,003.4 | 1,838.6 | - | - | - | 1,958.2 | 2,003.4 | 1,838.6 |
| Contract liabilities | 60.4 | 142.9 | 134.1 | - | - | - | 60.4 | 142.9 | 134.1 |
| Other financial liabilities | 212.4 | 201.9 | 208.3 | - | - | - | 212.4 | 201.9 | 208.3 |
| Liabilities held for sale | - | 78.0 | - | - | - | - | - | 78.0 | - |
| Income tax liabilities | 83.2 | 72.8 | 94.2 | - | - | - | 83.2 | 72.8 | 94.2 |
| Other liabilities | 191.6 | 88.6 | 86.5 | - | - | - | 191.6 | 88.6 | 86.5 |
| Employee benefits (current) | 244.1 | 274.1 | 316.6 | - | - | - | 244.1 | 274.1 | 316.6 |
| **Non-interest bearing liabilities** | **2,749.9** | **2,861.7** | **2,678.3** | **-** | **-** | **-** | **2,749.9** | **2,861.7** | **2,678.3** |
| **Total equity and liabilities** | **7,408.1** | **7,603.7** | **7,583.1** | **-** | **-** | **38.4** | **7,408.1** | **7,603.7** | **7,621.5** |

269. As of December 31, 2023, deferred tax liabilities include effects due to adjustments in connection with the planned merger with Schaeffler, among other things. Similar to the adjustment of deferred tax assets, deferred tax liabilities in 2023 were adjusted for the difference to the values forecast for 2023, which were abstracted from the planned merger. adjustments resulted in a decrease in deferred tax liabilities of EUR 125.9 million. As an offsetting item, equity was increased by EUR 125.9 million.

270. As a result of the adjustments explained above, equity was increased by a total of EUR 164.3 million as of December 31, 2023.

## Description of the adjusted, historical assets and financial position

*Assets*

271. The following overview shows Vitesco's adjusted assets as of December 31 of the 2021 to 2023 financial years in accordance with IFRS:

| Assets | Historical (adj.) | | |
|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 |
| **Intangible assets** | **976.5** | **1,027.5** | **1,122.0** |
| Right-of-use assets under leasing | 242.0 | 234.8 | 216.4 |
| Property, plant and equipment | 2,302.9 | 2,179.8 | 2,063.3 |
| **Tangible assets** | **2,544.9** | **2,414.6** | **2,279.7** |
| Investments in joint ventures and associated companies | 16.9 | 18.2 | 20.2 |
| Other financial assets | 23.8 | 23.8 | 15.2 |
| Other assets | 33.3 | 29.4 | 44.2 |
| Non-current derivative financial instruments and interest-bearing investm | 14.4 | 24.5 | 19.5 |
| Deferred tax assets | 269.3 | 271.8 | 304.2 |
| | - | - | - |
| **Financial Assets** | **357.7** | **367.7** | **403.3** |
| **Fixed Assets** | **3,879.1** | **3,809.8** | **3,805.0** |
| **Inventories** | **805.7** | **827.2** | **825.1** |
| **Contract assets** | **1.2** | **0.5** | **3.3** |
| **Trade receivables** | **1,518.9** | **1,631.4** | **1,546.0** |
| **Cash and Equivalents** | **614.0** | **781.1** | **1,063.6** |
| Other financial assets | 90.1 | 96.1 | 93.2 |
| Other assets | 499.1 | 457.6 | 285.3 |
| **Other current assets** | **589.2** | **553.7** | **378.5** |
| **Current Assets** | **3,529.0** | **3,793.9** | **3,816.5** |
| **Total Assets** | **7,408.1** | **7,603.7** | **7,621.5** |

272. Vitesco's total assets increased from EUR 7,408.1 million in 2021 to EUR 7,603.7 million in 2022 and rose further to EUR 7,621.5 million in 2023.

273. Intangible assets consist mainly (70% in 2023) of goodwill arising from the acquisitions of Siemens VDO, the automotive electronics business of Motorola, Emitec and Continental Teves by predecessor companies, and to a lesser extent of acquired intangible assets and internally generated intangible assets in the form of development costs. The increase in intangible assets from EUR 976.5 million in 2021 to EUR 1,122.0 million in 2023 is due to the increase in capitalized development costs.

274. With a share of 27% of total assets, property, plant and equipment represents one of the main items of Vitesco's assets as of December 31, 2023. Vitesco's property, plant and equipment mainly comprises technical equipment and machinery. Land, land rights and buildings make up a smaller proportion of property, plant and equipment, along with other assets, assets under

construction and operating and office equipment. The decrease in property, plant and equipment from EUR 2,302.9 million in 2021 to EUR 2,179.8 million in 2022 and EUR 2,063.3 million in 2023 is mainly due to the disposal of assets and production facilities as part of the sale of various companies over the years. Investments in property, plant and equipment were made with a strong focus on electrification technology, which led to an expansion of production capacity for battery management systems and the axle drive business, particularly at the locations in Asia.

275. Right-of-use assets under leasing are also allocated to property, plant and equipment. The right-of-use assets mainly relate to land and buildings at various locations worldwide. In addition, other equipment, operating and office equipment as well as technical equipment and machinery are also part of the right-of-use assets. The largest increase in right-of-use assets was recorded in 2021 in the area of land and buildings in relation to the spin-off from the Continental Corporation.

276. The companies accounted for using the equity method include two companies in India: an associated company Napino Control Systems Private Limited (30.0%) and a joint venture PV Clean Mobility Techn. Private Ltd. PTC (50%). The joint venture is jointly managed by Vitesco Technologies Holding Netherlands B.V. and Padmini VNA Mechatronic PVT Ltd. As of December 31, 2023, Vitesco's shares in both companies comprise the entire carrying amount of EUR 20.2 million. The main business purpose of Napino Control Systems Private Limited is the manufacture of actuators, valves, brushless DC motors and water pumps. The main business purpose of PV Clean Mobility Techn. Private Ltd. PTC is the manufacture of actuators, valves, brushless DC motors and water pumps.

277. Other financial assets comprise shares in non-consolidated affiliated companies and other investments held on a long-term basis for strategic reasons. The carrying amount of other financial assets amounted to EUR 15.2 million in 2023 and includes the equity share of Vitesco Technologies Taiwan Co., Ltd., which is not consolidated, as well as a 10% share in IAV GmbH Ingenieurgesellschaft Auto und Verkehr, which was reported as other investments.

278. Other assets within financial assets include assets from the valuation of pensions and other non-current assets. Other non-current assets include, in particular, investment grants for R&D that have not yet been utilized and receivables from suppliers. Overall, other assets within financial assets decrease in the period presented from EUR 33.3 million in 2021 to EUR 29.4 million in 2022 and increase to EUR 44.2 million in 2023. The increase in 2023 is mainly due to other non-current financial assets.

279. The non-current derivative financial instruments and interest-bearing investments consist primarily of interest rate hedging instruments that are largely tailored to Vitesco's underlying transactions. The non-current derivative financial instruments and interest-bearing investments increase from EUR 14.4 million in 2021 to EUR 24.5 million in 2022 and decrease to EUR 19.5 million in 2023.

280. Deferred tax assets (DTA) mainly consist of balance sheet differences from the tax capitalization of development costs in the USA, Czech Republic and Mexico, as well as balance sheet differences from the remaining step volume from the carve-out transactions in China. Loss carry forwards that lead to a DTA surplus are only capitalized in China, Thailand and Japan, and partially in Germany and Canada. Deferred tax assets amounted to EUR 269.3 million as of December 31, 2021 and EUR 271.8 million as of December 31, 2022. Deferred tax assets of EUR 265.8 million were recognized as of December 31, 2023, adjusted for the effects in connection with the planned merger with Schaeffler in the amount of EUR 38.4 million.

281. Over the observation period, inventories increased from EUR 805.7 million in 2021 to EUR 827.2 million in 2022 and then remained relatively stable at EUR 825.1 million in 2023. This corresponds to a slight reduction in days inventory outstanding from 44 days to 42 days. Inventories include raw materials and supplies, work in progress, finished goods and merchandise.

282. The contract assets result from revenue already recognized over time for customer-specific products and are of minor significance for Vitesco. The contract assets amount to EUR 1.2 million in 2021, EUR 0.5 million in 2022 and EUR 3.3 million in 2023.

283. Trade receivables initially increase in line with the increase in revenue from EUR 1,518.9 million in 2021 to EUR 1,631.4 million in 2022 and then fall to EUR 1,546.0 million in 2023. This corresponds to a reduction in days sales outstanding from 66 days to 61 days in the observation period.

284. Cash and cash equivalents amounted to EUR 614.0 million as of December 31, 2021, EUR 781.1 million as of December 31, 2022 and EUR 1,063.6 million as of December 31, 2023. The increase in cash and cash equivalents in 2022 and 2023 is due to the promissory note loan in the amount of EUR 200.0 million in 2022 and bank loans from the European Investment Bank and KfW in the total amount of EUR 295.0 million in 2023.

285. Other assets within other current assets include tax refund claims, income tax receivables, receivables from the sale of customer tools, prepaid expenses, assets held for sale and other assets. The tax refund claims include VAT receivables from the purchase of production materials in Mexico. The receivables from the sale of customer tools relate to costs not yet invoiced. Prepaid expenses include, in particular, prepaid rents and maintenance services as well as license fees. The assets held for sale in 2022 mainly include the assets for the production of catalytic converters and exhaust filters at the Lohmar and Eisenach production sites in the amount of EUR 121.8 million. No assets held for sale are listed at the end of 2021 and 2023. Overall, other assets within other current assets decreased from EUR 499.1 million in 2021 to EUR 457.6 million in 2022 and to EUR 285.3 million in 2023. The reason for the decrease in other assets in 2022 and 2023 is the reduction in tax refund claims.

286. Other financial assets within other current assets include, on the one hand, current derivative financial instruments to hedge financial foreign currency risks from intra-Group receivables and liabilities and, on the other hand, other financial assets consisting of unused investment grants

for R&D costs and receivables from suppliers and related parties. Receivables from related parties relate in particular to loans to associated companies. The increase in other financial assets from EUR 90.1 million in 2021 to EUR 96.1 million in 2022 and the subsequent decrease to EUR 93.2 million is mainly due to the development of other financial assets.

*Equity & Liabilities*

287. The following overview shows Vitesco's unadjusted financial position as of December 31 of the 2021 to 2023 financial years in accordance with IFRS:

| **Equity & Liabilities** | **Historical (adj.)** | | |
|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 |
| **Equity** | **2,688.3** | **3,061.7** | **3,015.5** |
| Provisions (current) | 504.5 | 423.2 | 424.5 |
| Deferred tax liabilities | 57.0 | 41.2 | 14.6 |
| **Provisions** | **561.5** | **464.4** | **439.1** |
| Loans against promissory note (SSD) | - | 200.0 | 200.0 |
| Bank loans and overdrafts | - | - | 295.4 |
| Lease liabilities | 244.5 | 236.8 | 219.5 |
| Derivative instruments | 24.4 | 10.6 | 11.7 |
| Employee benefits | 866.4 | 524.3 | 624.2 |
| Other debt | - | 0.3 | - |
| Long-term provisions (interest bearing) | 273.1 | 243.9 | 137.8 |
| **Interest bearing liabilities** | **1,408.4** | **1,215.9** | **1,488.6** |
| Trade payables | 1,958.2 | 2,003.4 | 1,838.6 |
| Contract liabilities | 60.4 | 142.9 | 134.1 |
| Other financial liabilities | 212.4 | 201.9 | 208.3 |
| Liabilities held for sale | - | 78.0 | - |
| Income tax liabilities | 83.2 | 72.8 | 94.2 |
| Other liabilities | 191.6 | 88.6 | 86.5 |
| Employee benefits (current) | 244.1 | 274.1 | 316.6 |
| **Non-interest bearing liabilities** | **2,749.9** | **2,861.7** | **2,678.3** |
| **Total equity and liabilities** | **7,408.1** | **7,603.7** | **7,621.5** |

288. Equity is made up of the balance sheet items subscribed capital, capital reserves, retained earnings and reserves recognized directly in equity. Adjusted equity increases over the observation period from EUR 2,688.3 million in 2021 to EUR 3,015.5 million in 2023. Subscribed capital, which is divided into shares with a notional interest in the share capital of EUR 2.50 per share, remains unchanged at EUR 100.1 million. The capital reserves will decrease from EUR 3,504.7 million to EUR 3,487.8 million in 2022 and remain constant at EUR 3,487.8 million as of December 31, 2023. A withdrawal from the capital reserves was made in 2022, which is due to the net loss for the financial year in accordance with HGB of EUR 16.9 million. The increase in reserves recognized directly in equity from EUR -125.3 million as of December 31, 2021 to EUR 106.4 million as of December 31, 2023 is driven by the remeasurement of defined benefit plans, currency translation effects and changes in the fair values of financial instruments

used for hedging purposes. Vitesco's retained earnings are the residual amount between the reported net assets and the sum of subscribed capital and capital reserves. The adjustments described above result in a total increase in equity of EUR 164.3 million as of December 31, 2023.

289. Vitesco's liabilities consist of provisions including deferred tax liabilities as well as interest-bearing and non-interest-bearing liabilities. For valuation purposes, a presentation was chosen that differs from the external reporting of the valuation object.

290. In addition to current non-interest-bearing provisions, provisions also include deferred tax liabilities. Long-term employee benefits, including pension provisions, are allocated to Interest bearing liabilities and are therefore not recognized within provisions. In addition, non-current structural provisions, non-current provisions for other risks and obligations, e.g. for litigation or environmental risks, and non-current warranty provisions are recognized as interest-bearing provisions, as interest expenses were incurred in the respective years . There are also obligations arising from the Group separation agreement in connection with investigations into allegations of the use of illegal defeat devices in VW vehicles. In accordance with the corporate separation agreement concluded between Vitesco AG and Continental on March 18, 2021 as part of the spin-off, Vitesco is generally obliged to indemnify companies of the Continental Corporation against costs and liabilities that are attributable to the transferred business units of Vitesco. The relevant obligation in the amount of EUR 82.0 million is recognized as other financial liabilities. In total, provisions decreased from EUR 561.5 million as of December 31, 2021 to EUR 464.4 million as of December 31, 2022 and to EUR 439.1 million as of December 31, 2023. The decrease is primarily due to the utilization of specific or general warranty provisions and the utilization and reversal of structural provisions. The utilization of structural provisions relates both to the settlement of restructuring measures adopted in previous financial years and to restructuring measures taken into account for the first time in 2019 (until 2028) in the Powertrain Solutions segment. The additions to current provisions for litigation and environmental risks relate in particular to risks in connection with disputes over industrial property rights and emissions issues for the exercise of own rights. Deferred tax liabilities decreased from EUR 57.0 million as of December 31, 2021 to EUR 41.2 million as of December 31, 2022. Deferred tax liabilities of EUR 140.5 million were recognized as of December 31, 2023, adjusted for the effects in connection with the planned merger with Schaeffler in the amount of EUR 125.9 million. The adjusted deferred tax liabilities amount to EUR 14.6 million as of December 31, 2023 .

291. Vitesco's financial liabilities in the past three years include promissory note loans, bank loans and overdraft facilities, derivative financial instruments and other financial liabilities. The increase in financial liabilities from EUR 24.4 million in 2021 to EUR 210.6 million in 2022 is mainly due to the issue of promissory note loans with a total nominal volume of EUR 200.0 million. The promissory note loans were placed with maturities in 2025, 2027, 2029 and 2032 with both fixed and variable interest rates. In 2021 and 2022, derivative financial instruments in the amount of EUR 24.4 million and EUR 10.6 million respectively were used to hedge financial foreign currency risks of intragroup receivables and liabilities within financial liabilities. As of December 31, 2023, derivative financial instruments amounted to EUR 11.7 million. In 2023,

total financial liabilities increased to EUR 507.1 million. The increase is due on the one hand to the utilization of a credit facility in the amount of EUR 250.0 million, which was granted by the European Investment Bank in December 2022 to finance R&D activities in Europe. On the other hand, a bank loan totalling EUR 45.0 million was taken out in 2023 from KfW IPEX-Bank, which matures on October 30, 2028 and has a fixed interest rate of 4.8%.

292. Lease liabilities relate in particular to the rental of land and buildings, technical equipment and machinery as well as operating and office equipment and other equipment. Lease liabilities will decrease continuously from EUR 244.5 million in 2021 to EUR 219.5 million in 2023.

293. Pension provisions initially decrease from EUR 866.4 million in 2021 to EUR 524.5 million in 2022 and then increase to EUR 624.2 million in 2023. The pension obligations are mainly distributed across Germany, the USA, Canada and France. The decrease in 2022 is due to actuarial gains as a result of higher actuarial interest rates as well as the reclassification of employee benefits as liabilities held for sale. The increase in 2023 is due in particular to actuarial losses from declining actuarial interest rates.

294. The provisions recognized as interest-bearing decreased from EUR 273.1 million in 2021 to EUR 243.9 million in 2022 and to EUR 137.8 million in 2023. In addition to the disposal of non-current restructuring provisions in connection with the sale of a company in 2023, this decrease is due to the reclassification of non-current provisions as current non-interest-bearing provisions.

295. Non-interest-bearing liabilities are made up of trade payables, current and non-current contract liabilities, current employee benefits, income tax liabilities, other financial liabilities, liabilities in connection with assets held for sale and other liabilities.

296. Trade payables developed in line with the increase in cost of revenue from EUR 1,958.2 million in 2021 to EUR 2,003.4 million in 2022. This was accompanied by a decrease in the term of trade payables from 150 to 140 days. In 2023, trade payables decreased to EUR 1,838.6 million. This is partly due to the fact that liabilities to Continental from contract manufacturing decreased as a result of declining volumes. In addition, the sale Vitesco Technologies Italy S.r.l. also contributed to the reduction in trade payables in 2023. This led to a reduction in the days payables outstanding in 2023 to 93 days.

297. Contract liabilities result from customer payments received for deliveries of goods and services still to be rendered. Contract liabilities initially increase from EUR 60.4 million in 2021 to EUR 142.9 million in 2022, mainly due to the reclassification of Continental's advance payment in the Contract Manufacturing segment for future deliveries from other liabilities to contract liabilities due to performance obligations. In 2023, the level stagnated at EUR 134.1 million.

298. Income tax liabilities amount to EUR 83.2 million as of December 31, 2021, EUR 72.8 million as of December 31, 2022 and EUR 94.2 million as of December 31, 2023.

299. Other financial liabilities include obligations from the Group separation agreement and liabilities for revenue expenses, in particular obligations from bonus agreements with customers as

well as granted and accrued discounts. The obligations arising from the Group separation agreement are related to an investigation into allegations of the use of illegal defeat devices in VW vehicles. The obligation from the Group separation agreement reported as other financial liabilities amounts to EUR 82.0 million. The other financial liabilities initially decrease from EUR 212.4 million in 2021 to EUR 201.9 million in 2022 and then increase to EUR 208.3 million in 2023.

300. Short-term employee benefits, which are recognized as non-interest-bearing liabilities, increased from EUR 244.1 million in 2021 to EUR 274.1 million in 2022 and then to EUR 316.6 million in 2023. Short-term employee benefits relate in particular to performance-related bonuses and vacation provisions.

301. Liabilities in connection with assets held for sale amounted to EUR 78.0 million in 2022 and include employee benefits reclassified from pension provisions. The liabilities held for sale were derecognized as at 31 December 2023 due to the sale of the catalytic converters and exhaust filters business unit.

### 4.1.6 SWOT analysis

302. In the following, Vitesco's position is determined from an internal perspective (company and resource analysis) based on the company's strengths and weaknesses and from an external perspective (market and competition analysis) based on opportunities and threats arising from the market and competitive environment. Company-specific opportunities and risks for Vitesco result from the company's core competencies on the one hand and the industry's value drivers on the other.

Company and resource analysis

#### 4.1.6.1 Strengths

303. Vitesco's key strengths include:

304. Vitesco sells its products to customers in more than 40 countries, focusing on key growth markets (China, USA and Europe) where there is strong demand for innovative, efficient and electrified drive solutions. As an industry pioneer with over a decade of experience in the electrification of vehicle powertrains, Vitesco offers a wide range of differentiated products in this field.

305. Vitesco's product portfolio is extremely versatile and can be used for different types of vehicles (purely electric vehicles, hybrid vehicles, vehicles with combustion engines). In addition, the application extends to all types of vehicles from two-wheelers to cars and trucks.

306. The company's production is based on a modular approach, enabling Vitesco to produce seven different OEMs and more than 20 different car models on one production line (as opposed to the typically dedicated product and customer production lines in the combustion engine world), resulting in economies of scale and capital efficiency.

307. In addition, Vitesco has a high market share with the major OEMs, both in Asia and in Europe and North America. Vitesco's top 10 customers are Volkswagen, Stellantis, General Motors, Continental, Ford, Mercedes Benz, Hyundai, Renault-Nissan-Mitsubishi, BMW and Cummins.

308. The company currently has a high order backlog of more than EUR 30 billion in the field of electrification, which enables it to plan revenue in the short to medium term.

309. The company also has a high level of innovative strength. In 2023, Vitesco invested around 11.0% of revenue in R&D. Relative to the competition, Vitesco's R&D expenditure (as a percentage of revenue) is at the upper end of the range. This enables the company to offer competitive products and strengthen its market position in a growing market.

310. Vitesco is characterized by experienced management and employees with a high level of expertise.

311. Vitesco has a high equity ratio of 37.6% (unadjusted) as of December 31, 2023 and therefore has a high financial strength. For this reason, Vitesco may be more resilient to crises than competitors with lower financial strength.

312. The company has a strong global presence with production sites and revenue offices worldwide, making it easier for it to benefit from global growth markets. This broad global positioning also means that regional risks can be better absorbed compared to a centralized production approach or a small number of regional revenue markets.

313. Vitesco's good reputation is based on its early focus on innovations in the field of e-mobility, making it one of the global market and technology leaders with strong growth prospects in attractive markets.

#### 4.1.6.2 Weaknesses

314. The main weaknesses of Vitesco include:

315. The Electrification Solutions segment, which is the main driver in the business plan, is currently not profitable.

316. Vitesco generates a high proportion of its revenue with a small number of OEMs. Should Vitesco lose one or more of these OEM customers or should supplier contracts be terminated prematurely, Vitesco could lose all or part of the initial investment made to supply these products.

317. Vitesco is highly dependent on the availability of the required components and raw material prices. Passing on cost increases to customers requires a great deal of time and resources.

318. The company has a high proportion of fixed costs and currently high ramp-up investments in the Electrification Solutions segment, which is reflected in the currently comparatively low margin.

#### 4.1.6.3 Opportunities

319. In terms of the market and competition, the following key opportunities arise for Vitesco:

320. The globally growing market for electric vehicles and hybrid drives offers Vitesco the opportunity to expand its business in this promising market segment. In addition, electrified vehicles offer greater revenue potential than vehicles equipped with a combustion engine.

321. The markets addressed are determined by climate policy, among other things. The global trends of "sustainability" and "e-mobility" are accelerating demand for electrified solutions in the automotive industry.

322. The tightening of emissions regulations in the context of climate targets in many countries is helping to ensure that the requirements for reducing emissions continue to rise. This has two main effects: On the one hand, the demand for electric vehicles is being increased, while on the other hand there is an increased need for exhaust gas aftertreatment solutions. In addition, governments often show great interest in investing in R&D in the field of renewable energy and electromobility. These developments give Vitesco the opportunity to benefit from government funding programs and incentives to develop innovative technologies.

323. The ongoing global challenge in the semiconductor markets is having a noticeable impact on production figures in the automotive sector. A return to improved availability of semiconductors could potentially lead to an increase in vehicle production. This could increase Vitesco's revenue beyond forecasts and thus have a positive impact on Vitesco's earnings situation.

324. Increasing regulations in the truck market mean that the drivetrain of commercial vehicles must also be designed to be increasingly efficient and lower in emissions. In this context, the electrification of truck drives could represent an opportunity for further revenue potential for Vitesco.

325. By supporting and implementing environmentally friendly technologies, Vitesco can strengthen its image as a sustainable company, which is perceived positively by customers and investors.

326. Those OEMs that currently produce most of their vehicles in-house (such as Tesla) could outsource the production of certain vehicle components in the future, which could benefit suppliers.

#### 4.1.6.4 Threats

327. In terms of the market and competition, Vitesco faces the following significant risks:

328. In principle, Vitesco is heavily dependent on the development of automotive production, which in turn depends on the economic situation of the economy as a whole. Macroeconomic trends, political developments and changes to the regulatory framework therefore influence a wide range of factors. Factors such as income, consumer spending, fuel costs, credit availability and

protectionism in Asia and the USA influence demand for cars and therefore also demand for supplier products. The markets in key regions such as Europe, North America and Asia are currently volatile, which may have a negative impact on Vitesco's revenue and earnings.

329. The market for innovative electrification and e-mobility is highly competitive and subject to rapid technological change. Competition in this market is determined by various factors such as maximum efficiency, scalability, sustainability and the ability to meet current and future customer requirements with the respective system solution.

330. Vitesco is heavily dependent on stable demand for electromobility, as the company has specialized almost exclusively in the field of electrification since 2023. If demand for electromobility does not increase to the extent expected, the revenue and earnings forecasts could be negatively impacted.

331. The growth strategy associated with high investment expenditure in R&D harbours the risk that the expenditure will not generate the expected return. For example, technological developments or breakthroughs in other sustainable mobility areas could render the investments already made obsolete before they can be used profitably.

332. In addition, there are currently significant price increases for raw materials due to high demand for raw materials in combination with global bottlenecks in the supply chains and rising energy, wage and freight costs. For Vitesco, the most important raw materials are steel, aluminium and copper. Rising commodity prices would therefore have a negative impact on margins. If Vitesco is unable to pass on rising costs to customers, there is a risk of negative effects on earnings.

333. The automotive industry is characterized by intense competition, which means that there is a risk of increasing price pressure with lower margins. In addition, there is high competitive pressure to bring innovative solutions to market maturity before the competition, particularly in the development of new technologies.

334. In recent years, Vitesco has adapted its product range and is continuously focusing on the development of new products. The successful launch of these new products requires considerable investment in resources and processes. Excessive R&D expenditure on products for which demand is lower than forecast could have a negative impact on profitability and cash generation.

335. Another risk is that Vitesco relies heavily on centralized and standardized IT systems and networks, which are essential for business processes and communication. These systems are vulnerable to various risks, including cybercrime and disruptions for various reasons. For example, hacker attacks, viruses or malware could allow unauthorized access to confidential data. Disruptions to business processes and loss of sensitive information can have detrimental consequences for competition.

336. For Vitesco, there is a risk that liability claims arising from the Group separation agreement relating to issues could be higher than expected. This would in turn have a direct negative impact on cash flows.

337. Those OEMs that have currently outsourced a considerable proportion of vehicle production to external suppliers could in future produce certain vehicle components increasingly in-house (such as Tesla), which would be at the expense of existing suppliers.

#### 4.1.6.5 Aggregated opportunity/risk profile

Opportunities

338. For Vitesco, the combination of the company's internal strengths and market opportunities resulted in the following significant opportunities as at the valuation date:

339. Due to its specialization in the two segments Powertrain Solutions and Electrification Solutions, Vitesco should benefit from the expected growth in electrification in global vehicle production. Vitesco should benefit directly from the higher revenue potential of electrified vehicles compared to vehicles with combustion engines.

340. The global megatrends of sustainability and e-mobility are accelerating the demand for electrification in the automotive industry. Electric vehicles play a crucial role in modern mobility and actively contribute to reducing emissions. For this reason, Vitesco's e-mobility and exhaust aftertreatment products are an important building block for achieving these trends. The focus on an attractive growth market combined with a high level of innovation should also have a positive impact on Vitesco.

341. Vitesco's global positioning, particularly in the regions of China and North America, opens up attractive opportunities for the company. Both China and North America are considered to be major growth markets in electromobility, which could enable Vitesco to establish itself as a leading supplier of technologies and components in these markets.

342. A further tightening of legal regulations regarding consumption and emission standards for motor vehicles could trigger increased demand for Vitesco products. The company already has a comprehensive portfolio of solutions, particularly in the area of systems and components for hybrid and electric drives, as well as for more environmentally friendly and efficient combustion engines. Increased use of these products due to stricter regulatory requirements would have a positive impact on Vitesco's revenue.

Risks

343. On the other hand, Vitesco is exposed to risks arising from the combination of weaknesses and market-related threats. The main risks are as follows:

344. Vitesco is susceptible to revenue and earnings risks that could arise from intensifying market weakness, a possible economic downturn, protectionism, global trade restrictions, sanctions, a global recession, high inflation or unfavourable changes in the geographical distribution of global automotive demand. If demand in key regions declines and is not offset by revenue in other markets, this could have a significant negative impact on revenue.

345. Vitesco is highly dependent on its innovative strength and must invest heavily in development, whereby the market for innovative electrification for vehicles is characterized by intense competition and rapid technological change. The increasing momentum harbours the risk of not being able to fully exploit revenue potential or even missing out on it. In addition, the trend towards electrification is accelerating the introduction of new products, which could lead to shorter time-to-market. As a result, demands on Vitesco in terms of schedules, costs and quality in the implementation of projects may increase. This could lead to higher development costs, additional investments or lower revenue than planned.

346. In addition, securing a high level of innovation in the long term, and therefore the success of the company, depends on the skills and commitment of employees as well as their recruitment and retention. The relevant labour markets are characterized by intense competition for qualified specialists, experts and talent. This entails the risk that key personnel and qualified employees either cannot be recruited in sufficient numbers or do not have the necessary qualifications for vacancies, or that competent employees leave the company.

347. There is also a certain dependency due to the relatively small number of customers with very high revenues (cluster risk). In conjunction with macroeconomic uncertainty and intense competition, there is a risk that one of these major customers could be lost in the short term.

348. As Vitesco has a high proportion of fixed costs, the company is dependent on stable or rising demand. If demand does not increase to the extent forecast, the production facilities will not be fully utilized. In contrast, capacity bottlenecks could occur if the markets in which Vitesco operates grow faster than expected.

### 4.1.7 Comparable companies of Vitesco

349. Information on comparable companies (so-called "peer group") is regularly used to analyse and check the plausibility of the earnings power and to estimate the risk of the expected payments of the valuation object. The peer group is an essential component of a company valuation, as it is required for the industry comparison of the business plan (so-called benchmarking analysis), for the market-oriented valuation (e.g. multiple method) and the derivation of capital costs (e.g. beta factor).

#### 4.1.7.1 Procedure and selection of peer group companies for Vitesco

350. Companies in the same sector or with a comparable product and market structure are generally suitable for the selection of the peer group. It is neither possible nor necessary for the companies selected according to these criteria to be absolutely identical to the valuation objects. However, the future cash flows of the companies selected as comparable and the company to be valued should result from a largely identical business model. However, capital market data is required for the market-oriented valuation (e.g. multiple method) and the derivation of capital costs (e.g. beta factor). For this reason, and in view of the generally limited (public) availability of information and relevant data on unlisted companies, in practice the peer group primarily includes companies listed on the capital market.

351. Against this background, listed companies with a comparable business model and range of services were analysed for the selection of Vitesco's peer group. Based on a broad population of companies that are essentially part of the automotive supply industry, a large number of national and international companies were identified for comparison purposes on the basis of qualitative factors such as regional and operational comparability and a comparable product range.

352. The selection of eligible peer companies is initially based on qualitative criteria and, in a second step, on quantitative criteria. The 8 peer companies finally identified using this methodology are then assessed for their relative comparability with Vitesco using a scoring model. As part of the scoring model, the relevant companies were analysed according to qualitative and quantitative criteria and compared with Vitesco.

353. The qualitative criterion "operational comparability" was used to check whether the comparable companies are from the same or a similar industry or have a similar business model. This is intended to ensure that the companies are subject to similar operational influences and trends. The decisive factor for this criterion in the peer group selection for Vitesco was that the peer companies from the automotive supplier industry focus on e-mobility and the electrification of the powertrain or on electronic control units.

354. The second qualitative criterion "regional comparability" ensures the geographical reference to the valuation object. Companies in different markets may be subject to different political, economic and cultural influences and may therefore not be directly comparable with each other. Comparable companies were therefore identified from the established automotive markets of Europe, North America, Japan and Korea. Within the companies identified in this way, the focus was placed on the same revenue markets as the valuation object in terms of regional comparability. The qualitative criteria of operational and regional comparability are measured on a five-point scale ranging from "none" to "very high".

355. The quantitative criteria selected - size (revenue), profitability (expected EBITDA margin), growth prospects (expected revenue growth), asset turnover and R&D expenditure - are based on fundamental analysis and empirically increase the quality of purely qualitative selection criteria.

356. All the criteria listed above, both qualitative and quantitative, are incorporated equally into the scoring analysis of the 8 peer companies that are sufficiently comparable with Vitesco. The analysis of the peer companies leads to the following peer group:

| Comparable Companies | Country | Business Fit | Geographical Fit | Revenue 2023 | Revenue CAGR 2023-2026 | Margin Ø 2024-2025 | Asset Turnover 2023 | Total Score |
|---|---|---|---|---|---|---|---|---|
| Valeo SE | France | Best Fit | Strong Fit | 22,146 | 8.5% | 14.4% | 1.0x | ◕ |
| Dana Incorporated | United States | Strong Fit | Medium Fit | 9,760 | 4.4% | 9.9% | 1.4x | ◕ |
| BorgWarner Inc. | United States | Strong Fit | Medium Fit | 13,129 | 5.5% | 14.7% | 0.9x | ◕ |
| Aisin Corporation | Japan | Strong Fit | Medium Fit | 31,230 | 3.5% | 11.5% | 1.2x | ◕ |
| Magna International Inc. | Canada | Medium Fit | Strong Fit | 39,574 | 4.7% | 11.0% | 1.4x | ◑ |
| Dowlais Group plc | United Kingdom | Medium Fit | Strong Fit | 6,081 | 1.8% | 14.2% | 0.8x | ◑ |
| DENSO Corporation | Japan | Best Fit | Medium Fit | 46,165 | 4.1% | 16.1% | 0.9x | ◑ |
| Garrett Motion Inc. | United States | Medium Fit | Best Fit | 3,593 | n/a | 18.3% | 1.5x | ◑ |
| Vitesco | Germany | | | 9,233.2 | 6.8% | 11.0% | 1.2x | |
| Median | | | | 17,637.6 | 4.4% | 14.3% | 1.1x | |
| Average | | | | 21,459.9 | 4.6% | 13.8% | 1.1x | |

### 4.1.7.2 Peer Group Overview Vitesco

357. The companies included in the peer group, in particular their respective business activities, can be summarized as follows:

**Valeo SE**

358. Valeo SE is a global leader in the automotive supply industry, headquartered in Paris, France. Founded in 1923, Valeo has grown into a global company with around 110,000 employees that develops, manufactures and distributes innovative automotive technologies. With expected revenue of around EUR 22,146 million in 2023, Valeo serves both automotive manufacturers and the aftermarket. The company is active in various key areas. The largest share of revenue in 2022 was generated by the Drive Systems division with around 28%, followed by the Electrification Technologies division with around 27%. A further 23% or so was generated by thermal systems and around 21% by comfort and driver assistance systems. With more than 180 production sites and 57 research centres worldwide, Valeo is a pioneer in solutions for autonomous driving, electric vehicles and connectivity. Valeo focuses on safe, efficient and environmentally friendly mobility of the future. Valeo SE is listed on the Euronext Paris stock exchange under the ticker ENXTPA:FR and on the London Stock Exchange under the ticker LSE:0RH5.

**Dana Incorporated**

359. Dana Incorporated is a global company specializing in the development, manufacture and marketing of power transmission and power management for vehicles and machinery. The company was founded in 1904 and is now headquartered in Maumee, Ohio. With a presence in 31 countries and over 42,000 employees, Dana generated revenue of EUR 9,760 m in 2023, with North America representing the largest market with a 45% share, followed by Europe (34%), Asia (14%) and South America (7%). The broad product range includes axles, drive shafts, ICE, hybrid and e-gearboxes, e-axle systems, inverters, motors and control units. These products are divided into four operating segments: Light Vehicle Segment (approximately 39% of revenue), Commercial Vehicle (approximately 20%), Off-Highway (approximately 30%) and Power

Technologies (approximately 12%). Dana is listed on the New York Stock Exchange under the ticker NYSE:DAN and is part of the S&P 500 Index.

### BorgWarner Inc.

360. BorgWarner Inc. was founded in 1987 and specializes in the development, manufacture and distribution of efficient and sustainable technology solutions for combustion, hybrid and electric vehicles. The company is headquartered in Auburn Hills, Michigan and employs approximately 40,000 people. BorgWarner is one of the world's leading companies in the development of clean and efficient technology solutions for combustion, hybrid and electric vehicles. With production sites in Europe, the Americas and Asia, BorgWarner is a major original equipment manufacturer for virtually all leading automotive OEMs worldwide and serves the aftermarket. The company plans to further expand its electrification portfolio in the future. In 2023, the company's total revenue amounted to EUR 13,129 million, with the largest share of revenue of around 21% generated in China, the most important and fastest growing market for electromobility. BorgWarner is listed on the New York Stock Exchange under the ticker NYSE:BWA.

### Aisin Corporation

361. Aisin Corporation is a Japanese automotive supplier company that was founded in 1949 and is 30% owned by the Toyota Group. The company specializes in the development and production of components for the automotive industry and supplies, among other things, transmissions and navigation systems to various car manufacturers. The current headquarters are located in Kariya, Japan. The company is expected to generate revenue in EUR m 31,230 in the financial year 2023, with Japan accounting for the largest share of revenue of around 43% in the previous year. Aisin employs around 117,000 people in over 20 different countries and regions. The company is listed on the Tokyo Stock Exchange under the ticker TSE:7259.

### Magna International Inc.

362. Magna International Inc. is a global automotive company with over 179,000 employees. Magna International was founded in 1957 and is headquartered in Aurora, Canada. Total revenue in 2023 amounted to EUR 39,547 m. The company has 343 production facilities and 88 centres for product development, engineering and revenue in 29 countries. The focus is on the development and production of automotive components for vehicle manufacturers of passenger cars and light commercial vehicles. The company operates in four segments and offers solutions in the areas of body (approx. 41% of revenue), drive systems (approx. 33% of revenue), seats (approx. 14% of revenue) and complete vehicles (approx. 13% of revenue). The company has been listed since 1970 and is traded on the Toronto Stock Exchange (TSE:MG) and the New York Stock Exchange (NYSE:MGA).

### Dowlais Group plc

363. Dowlais Group plc is a global manufacturer and supplier of automotive parts headquartered in London, United Kingdom. The company employs over 24,000 people in more than 19 countries

worldwide and is one of the leading technology and systems engineering companies in the automotive industry. Dowlais specializes in the development, manufacture and integration of powertrain technologies, including components for electric vehicles, and is forecast to generate revenue of EUR 6,081 million in 2023. This is divided into three main business areas: Automotive, Powder Metallurgy and Hydrogen. The Automotive segment generated the largest share of revenue in 2022 at 78%, while Powder Metallurgy contributed around 22%. The Hydrogen segment has a comparatively low revenue share of less than 1%. The company is active in many important revenue markets worldwide, with a particular focus on North America and Europe. The breakdown shows that North America currently accounts for around 42% of revenue, while Europe also accounts for a significant share at 36%. Dowlais is listed on the London Stock Exchange under the ticker LSE:DWL.

#### DENSO Corporation

364. Denso Corporation is a global automotive supplier, especially for automotive electronics and mechatronics. The company is headquartered in Kariya, Japan. The company is one of the largest Japanese groups with around 165,000 employees worldwide and 190 branches, 27 of which will be in European countries in 2023. Revenue of the equivalent of EUR 446,165 million are forecast for the 2023 financial year. Denso specializes in drive systems for gasoline, diesel, hybrid, electric and fuel cell vehicles. With around 38% of revenue in the previous year, DENSO's main business focus was on Japan, followed by North America with 19% and China with 13%. The company is listed on the Tokyo Stock Exchange under the ticker TSE:6902.

#### Garrett Motion Inc.

365. Garrett Motion Inc. is a global automotive technology company. The company is headquartered in Rolle, Switzerland. Garrett Motion employs approximately 9,300 people and generated revenues of EUR 3,597 million in 2023. The company develops, manufactures and distributes powertrain turbochargers and electric turbocharging technologies for automotive OEMs and the aftermarket. In addition, the company offers software solutions for the automotive industry, including software for cyber security and vehicle health management. The most important revenue markets are Europe with 48% of total revenue, Asia with around 31% and the USA with 19% of total revenue. Garrett Motion is listed on the Nasdaq Global Select exchange under the ticker NasdaqGS:GTX.

## 4.2 Analysis of the plausibility of the business plan

### 4.2.1 Analysis of the planning process and structure of the business plan

366. The projection of Vitesco's Profit & Loss Statement for the years 2024 to 2028 on which the company valuation is based consists of a detailed bottom-up plan, which was prepared taking into account top-down requirements as part of Vitesco's regular Group planning process. The business plan is prepared in accordance with International Financial Reporting Standards (IFRS) and covers five planning years.

367. The schedule for preparing the plan is drawn up based on the target date for plan approval. The regular planning process usually takes place between May and November of the calendar year. The regular planning process is generally based on a bottom-up approach for the next five years. The final approval of the five-year projection by the Management Board and Supervisory Board takes place in December. Any considerations beyond the five-year period (+9 years) take place outside of the regular planning process and can be regarded as a rough strategic objective, which is therefore not adopted.

368. The Management Board and Supervisory Board are closely involved in the five-year Projection. The Management Board informs the Supervisory Board regularly and comprehensively about strategic, planning, business, risk-related and compliance-relevant matters in accordance with legal requirements. In addition, fundamental issues relating to the organization, business policy and business plan require resolutions to be passed by the entire Management Board.

369. Vitesco's regular budget consists of detailed planning for the first planning year 2024 ("budget") and the planning for the following four years from 2025 to 2028. In principle, the budget is based on the minimum targets from the previous year's approved budget as long as no current target information is available. However, management can set new targets if necessary. The budget is planned on a monthly basis, while projections for the following four years are based on annual figures. Budget planning involves both a top-down and a bottom-up planning process (counterflow method). As part of the top-down approach, cost, profit and cash flow targets are set by Controlling and Planning & Reporting. These targets serve as the basis for budget planning as well as for the following years. Once these targets have been communicated, the budget is broken down to the management level of the product lines, whereupon bottom-up projection takes place. Projection begins at the level of the 22 product lines. This is followed by an aggregation to the six existing divisions: "Actuation", "Hydraulics & Turbo", "Sensorics & Controls", "Aftermarket & Non-Automotive Electric Drive Systems", "Electric Drive Systems " and "Controls". A further aggregation is then carried out at segment level, with additional projections being made for the Profit & Loss Statement and operating assets. Volume planning for each product and projections by customer and region are also carried out at this level. The four areas "Actuation", "Hydraulics & Turbo", "Sensorics & Controls" and "Aftermarket & Non-Automotive Electric Drive Systems" are allocated to the Powertrain Solutions segment, while the two units "Electric Drive Systems" and "Controls" are allocated to the Electrification Solutions segment. If there are discrepancies between the top-down target and the bottom-up projection, a review is carried out at various levels, including the product lines and business units. At the end of the process, the Management Board decides whether improvements need to be made. Projection for the following years is based exclusively on the top-down targets.

370. The regular business plan on which the company valuation is based comprises the budget for 2024 and the projection for the years 2025 to 2028. The 2024 budget was prepared on the basis of the approved 8+4 forecast ("FC"). In mid-May 2023, Controlling and Planning & Reporting announced the preliminary external factors (e.g. exchange rates, interest rates). Revenue planning after that. In addition, the various functions, including Revenue, Purchasing, HR, IT and R&D, provided their planning information for the plants. This top-down information was followed by bottom-up projections. On 21 July 2023, the final external factors (e.g. exchange

rates, interest rates) were also communicated and the revenue planning was finalized on this basis. Projections for investments were made in parallel and communicated separately by Investment Controlling. The results of the planning process were then presented to the executive board by the respective managers.

371. Vitesco's integrated business plan for the years 2024 to 2028, on which the company valuation is based, is based on the business plan for the years 2024 to 2028 prepared in the regular planning process and approved by the executive board on November 27, 2023. This was presented to and approved by the Supervisory Board on December 7, 2023.

### 4.2.2 Analysis of planning accuracy

372. In addition to analysing the planning process and the structure of the business plan, the plausibility check of the business plan also includes an analysis of past planning accuracy in order to gain insights into future planning accuracy. To assess historical planning accuracy, a period of three years was considered and compliance with Vitesco's budgeted operational performance indicators was analysed. As Vitesco is managed in particular on the basis of the financial performance indicators "revenue" and "EBIT (adjusted)", these are the relevant key figures for the analysis of planning accuracy.

373. The following table summarizes the company's one-year planning accuracy for the years 2021 to 2023.[142]

**Analysis of the Vitesco planning accuracy 2021-2023**

| | 2021 | | 2022 | | 2023 | |
|---|---|---|---|---|---|---|
| | Forecast* | Actual | Forecast* | Actual | Forecast* | Actual |
| Revenue | ↗ | ✓ | ↗ | ✓ | ↑ | ✓ |
| EBIT adjusted | ↑ | ✓✓ | ↑ | ✓✓ | ↑ | ✓✓ |

Legend:
substantial growth (↑), slight growth (↗), slight decline(↘) , substantial decline (↓), Forecast exceeded (✓✓),
Forecast met (✓), Forecast missed (X), *Forecast according to previous years's budget and compared to previous year's actual

374. The forecast for 2021 was met in terms of revenue and exceeded in terms of adjusted EBIT. In terms of revenue, this is mainly due to the fact that the markets recovered faster than expected after the sharp decline in 2020 caused by the Covid-19 pandemic, meaning that the slump in sales in the former business unit “Electronic Controls” – caused by a shortage of parts due to the semiconductor crisis in 2021 – was offset by sales growth in the former business unit “Electrification Technology” and the former business unit “Sensing & Actuation”. Despite significant increases in the cost of materials, the planned adjusted EBIT was exceeded, primarily thanks to consistent fixed cost management and the passing on of cost increases to customers.

142 EBIT adjusted refers to the adjusted earnings figures communicated by the company itself.

375. The forecast for 2022 was also met in terms of revenue and exceeded in terms of adjusted EBIT. In terms of sales, negative volume effects, primarily due to the ongoing semiconductor crisis in 2022 and the lockdown in the wake of the Covid-19 pandemic in China (particularly in April and May 2022), were offset by passing on cost increases to customers and positive currency effects. Adjusted EBIT exceeded the forecast, primarily due to higher income from the charging of R&D services to customers, positive effects from final negotiations on warranty issues and high fixed cost discipline.

376. The forecast for 2023 was met in terms of revenue and exceeded in terms of adjusted EBIT. The adjusted EBIT for 2023 was planned in view of the continuing global shortage of semiconductors and rising additional costs. As these burdens turned out to be lower than expected, the EBIT forecast for 2023 was exceeded.

377. The analysis of planning accuracy shows that Vitesco has met its forecasts at Group level in the past. Projections for revenue in particular have been accurate in the past, while EBIT has been exceeded in the past three years. Although Vitesco's business plan is considered to be ambitious but plausible overall in terms of revenue and EBIT, the analysis of planning accuracy shows that the forecasts have been met or exceeded in the past.

378. Overall, on the basis of our analysis, there are no indications that the present approved budget for the years 2024 to 2028, which was prepared as part of the established regular planning process, is not a suitable basis for a company valuation.

### 4.2.3 Analysis of the business plan

379. Vitesco's business plan is analysed on the basis of further assessment criteria - in particular with the help of analyses of key figures for specific dates and periods and benchmarking against the

peer group - in order to ensure a consistent derivation of future cash flows and growth rates. Vitesco's business plan is as follows:

| **Adjusted Profit & Loss Statement** | **Historical (adj.)** | | | **Projection** | | | | | **CAGR** |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2023-2028 |
| **Revenues** | **8,348.5** | **9,070.0** | **9,233.2** | **8,817.5** | **9,869.4** | **11,236.3** | **12,248.2** | **12,899.8** | *6.9%* |
| *growth (yoy)* | - | *8.6%* | *1.8%* | *-4.5%* | *11.9%* | *13.8%* | *9.0%* | *5.3%* | |
| Cost of sales | -7,228.1 | -7,912.9 | -7,820.9 | -7,385.0 | -8,197.9 | -9,214.3 | -10,011.5 | -10,525.5 | *6.1%* |
| **Gross profit** | **1,120.4** | **1,157.1** | **1,412.3** | **1,432.5** | **1,671.5** | **2,022.0** | **2,236.7** | **2,374.3** | *10.9%* |
| *in % of revenues* | *13.4%* | *12.8%* | *15.3%* | *16.2%* | *16.9%* | *18.0%* | *18.3%* | *18.4%* | |
| Selling, general and administrative cost | -357.2 | -353.1 | -403.2 | -349.9 | -349.8 | -371.5 | -376.7 | -380.3 | *-1.2%* |
| Research and development cost | -1,031.8 | -1,005.2 | -1,020.2 | -955.5 | -976.2 | -974.2 | -1,044.4 | -1,022.4 | *0.0%* |
| Other operating income | 576.3 | 551.1 | 480.2 | 352.3 | 321.2 | 295.8 | 294.1 | 284.1 | *-10.0%* |
| Other operating expenses | -165.8 | -125.8 | -127.0 | -79.7 | -101.5 | -100.6 | -145.2 | -220.0 | *11.6%* |
| **EBIT** | **141.9** | **224.1** | **342.1** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** | *24.8%* |
| *in % of revenues* | *1.7%* | *2.5%* | *3.7%* | *4.5%* | *5.7%* | *7.8%* | *7.9%* | *8.0%* | |
| Total depreciations (throughout all functions) | 508.4 | 540.7 | 495.0 | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 | *8.0%* |
| **EBITDA** | **650.3** | **764.8** | **837.1** | **907.7** | **1,151.7** | **1,505.5** | **1,659.7** | **1,761.4** | *16.0%* |
| *in % of revenues* | *7.8%* | *8.4%* | *9.1%* | *10.3%* | *11.7%* | *13.4%* | *13.6%* | *13.7%* | |
| Financial results | -5.9 | -45.3 | -26.5 | -30.8 | -40.7 | -41.1 | -32.5 | -28.9 | *1.7%* |
| **Results from ordinary activities** | **136.0** | **178.8** | **315.6** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** | *26.1%* |
| Extraordinary results | -102.4 | -80.8 | -169.9 | - | - | - | - | - | *-100.0%* |
| **Income before tax** | **33.6** | **98.0** | **145.7** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** | *47.2%* |
| *in % of revenues* | *0.4%* | *1.1%* | *1.6%* | *4.2%* | *5.3%* | *7.4%* | *7.6%* | *7.8%* | |
| Taxes on income | -155.6 | -74.4 | -242.1 | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 | *1.4%* |
| *Effective tax rate (in %)* | *463.1%* | *75.9%* | *166.2%* | *38.2%* | *34.8%* | *28.9%* | *27.7%* | *25.8%* | |
| **Annual result** | **-122.0** | **23.6** | **-96.4** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** | *-250.6%* |
| *in % of revenues* | *-1.5%* | *0.3%* | *-1.0%* | *2.6%* | *3.5%* | *5.3%* | *5.5%* | *5.8%* | |

### 4.2.3.1 Revenue

380. Revenues are expected to increase over the planning period from EUR 9,233.2 million in 2023 to EUR 12,899.8 million in 2028. This corresponds to an average annual growth rate of 6.9%. In the first planning year 2024, however, revenue are initially expected to fall from EUR 9,233.2 million to EUR 8,817.5 million. This corresponds to a decrease of around 4.5% and results from the decline in the Non-Core Business by around 40%, the expiry of the contract manufacturing business with Continental AG and divestments. This represents a decline of around EUR 415.7 million in 2024. From 2025 onwards, revenue will increase significantly each year. From 2024 to 2028, this results in an expected average annual growth rate of 10.0%.

381. By focusing on the electrification of the drivetrain, which began in 2019, Vitesco has built up a reputation as a leading supplier of electric vehicles. The significant growth expected over the next five years is therefore the result of Vitesco's early presence in the electromobility market. The investments made in R&D since 2013/2014 have produced positive results since 2019. In recent years, Vitesco has built up the relevant expertise and production capacity to bring advanced technologies and products to the market at an early stage. This is also reflected in the successfully acquired engagements and the high order backlog as at the valuation date, which supports a high proportion of the planned revenue. In 2024, 89% of the planned revenue is already attributable to existing engagements. Over the planning period, the proportion of revenue already contracted as at the valuation date decreases, so that in 2028 52% of planned revenue is still attributable to the current order backlog.

382. Total revenue is made up of the two segments Powertrain Solutions and Electrification Solutions. In 2023, the Powertrain Solutions segment will contribute 65.9% and the Electrification Solutions segment 34.1% of total revenue. Due to Vitesco's strategic focus on the electrification business, the distribution of revenue is expected to be reversed in 2028, with the Powertrain Solutions segment still accounting for 34.7% of revenue and the Electrification Solutions segment contributing 65.3% of total revenue.

### Revenue segment Powertrain Solutions

383. Revenue in the Powertrain Solutions segment is expected to fall from EUR 6,087.2 million in 2023 to EUR 4,480.3 million in 2028, which corresponds to an overall decline of -26.7%.[143] This decline in revenue in 2024 is due in particular to the discontinuation of the contract manufacturing business with Continental, which is already expected to fall by around EUR 605 million in 2024. The discontinuation of certain non-core products such as injection valves, turbochargers and high-pressure pumps from the traditional business with products for combustion engines is planned as a result of the strategic focus on electrification. As a result, revenue from non-core products is expected to fall by a total of EUR 2,155.0 million between 2023 and 2028, which corresponds to an average annual decline of around -30%. This significant decline will be partially offset by growth in the Core Electrification area within the Powertrain Solutions segment. Here, an increase to EUR 455.2 million is forecast by 2028, which corresponds to an average annual growth rate of 34.2%. The main growth drivers include products for two-wheelers, which are showing the greatest growth within the Powertrain Solutions segment. Projections for two-wheelers are largely based on customer expectations rather than contracts, with strong growth expected in Asia in particular. The core products for combustion engines, which Vitesco intends to maintain and which include sensors and actuators, are expected to remain almost constant at a level of around EUR 3.6 billion until 2028. Vitesco is not planning any growth in the area of combustion engines, as market expectations predict a downward trend in the market for combustion engine components. Overall, the Powertrain segment is gradually shrinking, with growth only expected in the aftermarket and two-wheeler business.

### Revenue segment Electrification Solutions

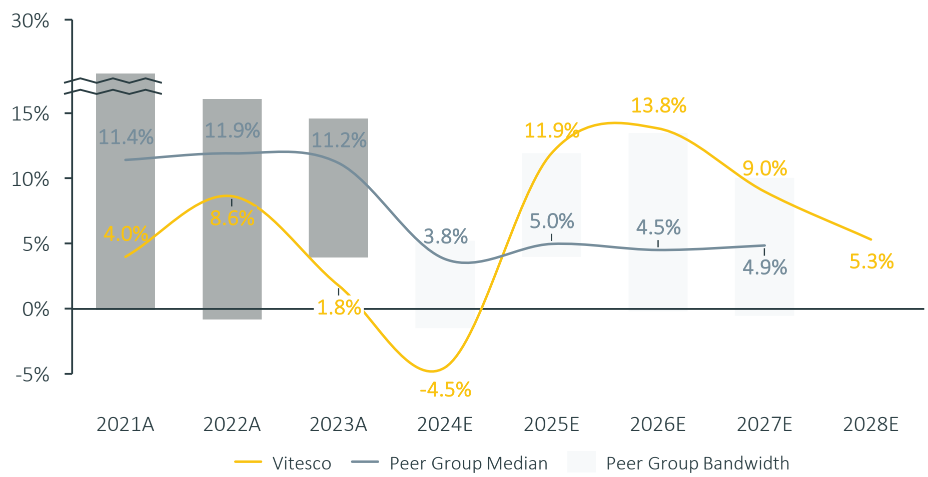
384. Revenue in the Electrification Solutions segment is set to increase from EUR 3,146.0 million in 2023 to EUR 8,419.5 million in 2028, which corresponds to an average annual growth rate of 21.8%.[144] The Electrification Solutions segment thus represents Vitesco's strategic focus and growth driver. The increase in revenue is to be achieved primarily through higher unit revenue, a significant proportion of which will be supported by orders received for the planning years. In addition, the projection includes a price increase that will take effect from 2024 based on the prices negotiated in 2023. In the following planning years, annual price reductions customary in the industry are taken into account, which are generally passed on to customers due to

143 Other, holding and consolidation revenues were allocated to the segments for presentation purposes on the basis of the respective segment revenues.

144 Other, holding and consolidation revenues were allocated to the segments for presentation purposes on the basis of the respective segment revenues.

productivity improvements. In the first planning year 2024, 90% of the planned revenue is already supported by existing customer orders. In the planning year 2028, 59% of revenue is also supported by existing customer orders. The global electric vehicle market is forecasted to grow at an estimated annual rate of around 10.7% in the period from 2022 to 2028. Vitesco's planned growth in the Electrification Solutions segment, which is above market expectations, is due to the fact that the company entered the market at an early stage, built up a reputation as a technology leader and made significant investments in electrification in recent years. Growth is expected to slow somewhat towards the end of the planning period as more competitors enter the market, resulting in greater competitive pressure. The greatest growth is expected in America in particular, as Vitesco is still less present there and therefore sees an opportunity to expand its market share. High growth is also expected in Asia due to the increased political and social focus on e-mobility. In contrast, comparatively weaker growth is forecast in Europe. This is mainly due to delays in the development of electric vehicles by European car manufacturers. While European car manufacturers dominated the combustion engine sector in the past, they are being overtaken by Chinese suppliers in the field of electromobility in particular. As a result, demand for electric drives is also growing faster than in Europe, particularly in Asia. In addition, revenue growth in 2024 will be supported by a price increase already negotiated in 2023.

Benchmarking revenue growth




385. Based on analyst estimates, the median revenue growth of the peer group companies in the forecast period from 2024 is between 3.8% and 5.0%. The analysts' forecast growth is thus significantly below the growth rates achieved in the past, with growth in 2021 and 2022 being heavily influenced by the catch-up effects in the wake of the global Covid-19 pandemic. Due to the effects mentioned above, Vitesco's revenue is expected to fall by around -4.5% in 2024. However, it is expected to increase significantly from 2025 onwards. Growth of 11.9% and 13.8% is expected for 2025 and 2026 respectively, which is above the peer group range. From 2028, growth is expected to normalize to the level of the peer group range.

#### 4.2.3.2 Earnings before interest and taxes (EBIT)

386. As part of the analysis of the business plan, the expense items and other income that lead to Vitesco's operating result (EBIT) are analysed below.

387. The cost of revenue increases from EUR 7,820.9 million in 2023 to EUR 10,525.5 million in 2028, which corresponds to an average annual growth rate of 6.1%. The gross margin will improve accordingly from 15.3% in 2023 to 18.4% in 2028. There are many reasons for the margin improvement. Part of the margin improvement comes from planned efficiencies and savings in material costs in relation to rising revenue as well as planned price effects. In the past two years, material costs have increased significantly, mainly due to the semiconductor crisis and the subsequent inflationary trends. There are now signs of normalization on the global market, which is likely to lead to considerable savings opportunities in the coming years. Although such savings will generally be passed on to customers, this will not be done in full to make up for previous deficits. The margin improvement is also to be achieved by improving plant capacity utilization, particularly in the Electrification Solutions segment. Furthermore, some plants have been optimized or reorganized in recent years, which should have a positive impact on Projection and lead to degression effects.

388. The operating costs of the Group as a whole are primarily made up of selling, administrative and general costs, R&D costs and other income and expenses.

389. Vitesco plans to reduce selling, general and administrative expenses as a percentage of revenue from 4.4% in 2023 to 2.9% in 2028. The reason for this is, on the one hand, the fixed cost nature of general and administrative expenses. This is mainly due to the restructuring and reorganization measures that have been introduced. In 2022, the structure of the Electrification Solutions segment was already revised as part of the "Next" reorganization, particularly with regard to support functions and shared services. In addition, some plant functions were transferred from the Powertrain segment to the Electrification Solution segment. All of this will help to reduce fixed costs in the long term. On the other hand, revenue costs are to be subject to disproportionately low increases in relation to revenue, which are in line with salary increases. An improvement in logistics costs is also planned.

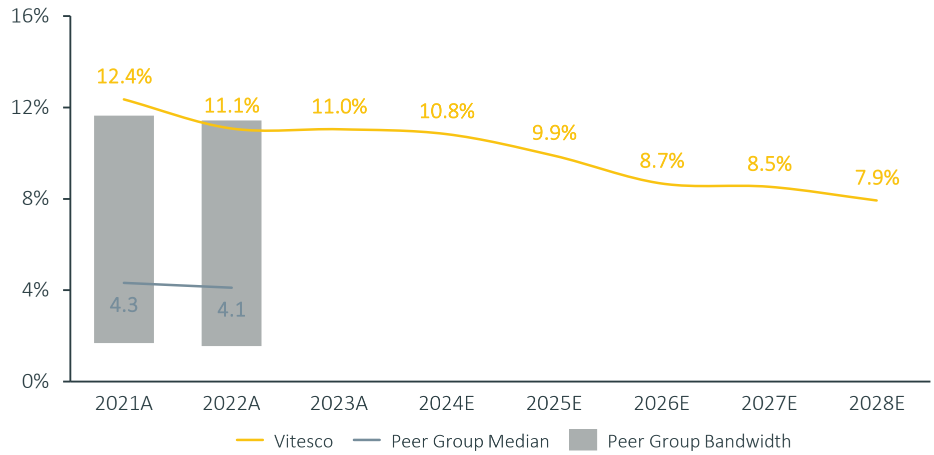
390. The largest cost item is R&D costs, which, starting from EUR 1,020.2 million in 2023, are expected to be EUR 1,022.4 million in 2028 and thus remain at an almost constant level. A detailed projection with specific projects is available for 2024, from which the R&D costs are derived. Projection of R&D costs for the years 2025 to 2028 is based on revenue planning, resource planning, project planning costs and a percentage share of revenue. Despite rising revenue, the share of R&D expenses is expected to fall continuously from around 11.0% in 2023 to a level of 7.9% in 2028. The reason for this is that the majority of R&D costs are incurred before the start of production or the market launch of a product. This includes pre-development expenses, platform activities and preceding scouting and research activities. As Vitesco has already invested heavily in R&D in recent years on its way to becoming a technology leader, the company plans to reduce R&D costs in future and focus more on the implementation of projects. In addition, some products in the electrification sector require less investment than motors in the traditional sense, as the development and production of an electric motor requires less effort in the

long term than that of a combustion engine. This is another reason for the lower R&D costs in the planning period. The projection of R&D costs for the 2024 budget is based on a detailed project list drawn up by the project management and engineering departments. From 2025 onwards, the projection is based on the revenue plan, calculated resource and project planning costs and a percentage of revenue.

### Benchmarking of net R&D costs

391. In a further step, Vitesco's planned net R&D costs are compared with the history of the peer group companies:[145]

**Net R&D costs (as % of revenue)**




392. Net R&D costs are calculated as gross R&D costs less capitalized development costs. In the planning period, Vitesco expects a slight increase in costs from EUR 1,020.2 million in 2023 to EUR 1,022.4 million in 2028. However, a significant reduction in the R&D ratio from 11.0% in 2023 to 7.9% in 2028 is planned. Compared to the peer group, Vitesco's R&D costs are historically and in the first planning years at the upper end of the peer group range. This is due to the aforementioned early R&D activities in electrification, which are now being implemented gradually, causing R&D activities to fall back to a lower level. This reduction is also made possible by the use of modular approaches and pre-developed elements instead of developing specifically for individual customers. The focus on developing platform-based products enables better scalability and efficiency in product development.

393. As no analyst estimates are available for net R&D costs, Vitesco's planned R&D costs can only be compared with the historical ratios of the peer group. The planned net R&D costs for the years 2023 to 2028 are at the upper end of the historical range of the peer group. In view of

[145] The R&D cost ratio planned by Vitesco corresponds to a net figure (including deduction of capitalization). In the benchmarking analysis, the R&D costs are adjusted for the deduction of capitalization compared with Vitesco's historical capitalized values so that this net ratio is comparable with the peers.

the strategic focus on almost complete electrification, the development of R&D costs in the planning period appears ambitious but plausible.

394. Other income mainly includes reimbursements from R&D. These are applications of an existing product or technology to the individual needs of the customer. Historically, the core business in the area of combustion engines has accounted for the majority of R&D reimbursements, such as calibration, change management, etc. In the future, these reimbursements are expected to be significantly lower in the development of electric vehicles, which is why a reduction in other income from EUR 480.2 million in 2023 to EUR 284.1 million in 2028 is forecast.

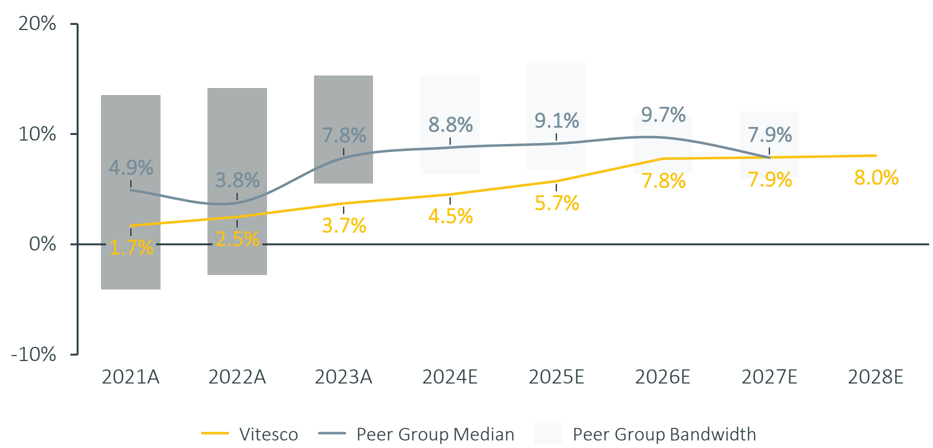
395. Other expenses are expected to increase from EUR 127.0 million in 2023 to EUR 220.0 million in 2028. Other expenses take into account the planned discontinuation of the non-core Hydraulics division, which primarily affects expenses for the sale and associated severance payments.

EBIT

396. In the projection, EBIT is expected to increase continuously from EUR 342.1 million in 2023 to EUR 1,035.7 million in 2028. This corresponds to an average annual growth rate of 24.8% and a significant improvement in the EBIT margin from 3.7% to 8.0%. The main drivers of this margin improvement are increased volumes and thus improved plant capacity utilization, improved material and logistics costs, relatively lower R&D costs, improved management of customer requirements and fixed cost degression effects.

397. The following chart shows the development of Vitesco's EBIT margin and the analysts' forecasts for the peer group:

EBIT margin (in %)




398. The peer group includes companies without capitalization of R&D costs as well as companies with higher or lower capitalization ratios. For comparison purposes, the historical capitalization

ratios and, in this context, the amortization ratios of Vitesco were therefore assumed to be the same for the peer group companies.

399. The adjusted EBIT margin of the peer group reached a median of 4.9% in 2021 and 3.8% in 2022, while Vitesco recorded a lower level of 1.7% and 2.5% respectively. Based on analyst estimates, the peer group median is expected to increase compared to historical levels and range between 7.8% and 9.7% in the years 2023 to 2027. Due to the expected effects described above, Vitesco is also planning a continuous improvement in the EBIT margin, bringing it closer to the peer group median from 2026 onwards. In the long term, Vitesco's EBIT margin is expected to be around the level expected for the peer group at 8.0%.

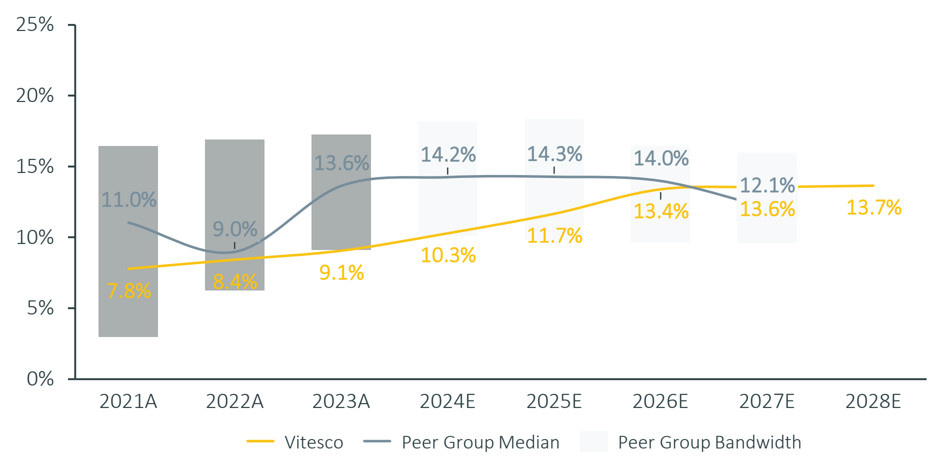
**EBITDA for information purposes**

400. Total depreciation and amortization across all functional costs will increase from EUR 495.0 million in 2023 to EUR 725.7 million in 2028, with property, plant and equipment accounting for around 86% and intangible assets for 14% on average over the entire planning period. The depreciation ratio is 5.8% in 2024 and will gradually decrease over the course of the planning period, so that it is expected to be 5.6% in 2028.

401. Overall, an increase in EBITDA from EUR 837.1 million in 2023 to EUR 1,761.4 million in 2028 is planned. This corresponds to an increase in the EBITDA margin from 9.1% in 2023 to 13.7% in 2028.

402. The following chart shows the development of Vitesco's EBITDA margin and the analysts' forecasts for the peer group:

**EBITDA margin (in %)**




403. For the EBITDA margin, the capitalized R&D costs in the peer group were adjusted in the same way as when comparing the EBIT margin of the peer group with Vitesco.

404. Over the planning period, the peer group median EBITDA margin will initially rise from 13.6% in 2023 to 14.3% in 2025 and then fall to 14.0% in 2026. In the first planning years, Vitesco's EBITDA margin expectations are at the lower end of the peer group range. From 2026, Vitesco's planned margin will increase and stabilize at the level planned by the peer group and also achieved in the last historical year 2023 due to the aforementioned effects.

#### 4.2.3.3 Financial result

405. The financial result in the planning period mainly comprises interest expenses for financial liabilities, lease liabilities, pension provisions, interest-bearing provisions and interest income on cash and cash equivalents.

406. Starting from EUR -26.5 million in 2023, the financial result in the planning period is initially expected to decrease to EUR -41.1 million in 2026 and then approach the historical level and amount to EUR -28.9 million in 2028. The majority of interest expenses are attributable to promissory note loans, bank loans and pension provisions, while a smaller proportion is attributable to lease liabilities and interest-bearing provisions. Projection borrowing costs average between 2.8% and 3.4%, with higher interest rates planned for individual borrowing components.

#### 4.2.3.4 Income taxes

407. In principle, detailed tax planning is carried out for 2024 both at Group level and at the level of the legal entities. From the second planning year 2025, consolidated tax planning is carried out at Group level, without a detailed breakdown at legal entity level. Vitesco's German income taxes comprise trade tax, corporation tax and the solidarity surcharge. As of December 31, 2023, there were usable corporate income tax loss carry forwards in Germany of EUR 1,094.2 m and usable trade tax loss carry forwards of EUR 1,070.1 m. In addition, there are foreign corporate income tax loss carry forwards of EUR 675.2 m. The planned tax expense only partially reflects the use of existing trade and corporate income tax loss carry forwards as at the valuation date. The tax savings from the utilization of tax loss carry forwards in the planning period were therefore taken into account separately as a Special item.

408. Vitesco's tax contribution account stems from the spin-off from Continental in 2019 and amounts to EUR 4,574.5 million as of December 31, 2023. However, no tax-free distributions can be made from the tax contribution account in the planning period, as the distributable amount is below the distributable profit.

409. The planned merger with Schaeffler was not reflected in the tax planning.

410. Overall, a reduction in the Effective Tax Rate (in %) from 38.2% in 2024 to 25.8% in 2028 is planned in the budget. This corresponds to an increase in planned tax expenses from EUR 140.9 million in 2024 to EUR 260.0 million in 2028.

#### 4.2.3.5 Annual result

411. In 2023, Vitesco recorded a net loss for the year of EUR -96.4 million, in particular due to special items. However, in line with the positive planned business development, an annual result of 5.8% of revenue or EUR 746.8 million is expected at the end of the planning period.

#### 4.2.3.6 Balance sheet planning

412. As part of the valuation activities, Vitesco's balance sheet planning for the years 2024 to 2028, on which the valuation is based, was reconstructed and analysed below. The balance sheet values relate to December 31 of the respective financial year:

| **Assets** | **Historical (adj.)** | | | **Projection** | | | | | ***CAGR*** |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | *2023-2028* |
| Intangible assets | 976.5 | 1,027.5 | 1,122.0 | 1,230.1 | 1,274.7 | 1,305.4 | 1,308.5 | 1,288.7 | *2.8%* |
| Tangible assets | 2,544.9 | 2,414.6 | 2,279.7 | 2,565.5 | 2,768.7 | 2,886.3 | 2,968.0 | 3,085.2 | *6.2%* |
| Financial Assets | 357.7 | 367.7 | 403.3 | 384.1 | 416.2 | 447.5 | 440.7 | 432.6 | *1.4%* |
| **Fixed Assets** | **3,879.1** | **3,809.8** | **3,805.0** | **4,179.7** | **4,459.6** | **4,639.2** | **4,717.2** | **4,806.5** | ***4.8%*** |
| Inventories | 806.9 | 827.7 | 828.4 | 692.6 | 709.5 | 764.6 | 792.3 | 815.1 | *-0.3%* |
| Trade receivables | 1,518.9 | 1,631.4 | 1,546.0 | 1,495.3 | 1,623.0 | 1,857.1 | 2,028.3 | 2,138.8 | *6.7%* |
| Cash and Equivalents | 614.0 | 781.1 | 1,063.6 | 669.6 | 844.9 | 1,072.7 | 1,241.4 | 1,350.0 | *4.9%* |
| Other current assets | 589.2 | 553.7 | 378.5 | 270.0 | 209.3 | 148.1 | 146.8 | 146.9 | *-17.2%* |
| **Current Assets** | **3,529.0** | **3,793.9** | **3,816.5** | **3,127.5** | **3,386.7** | **3,842.5** | **4,208.8** | **4,450.8** | ***3.1%*** |
| **Total Assets** | **7,408.1** | **7,603.7** | **7,621.5** | **7,307.2** | **7,846.3** | **8,481.7** | **8,926.0** | **9,257.2** | ***4.0%*** |

##### Fixed assets

413. Total assets are expected to increase by an average of 4.0% per year over the planning period from EUR 7,621.5 million in 2023 to EUR 9,257.2 million in the 2028 financial year. Both fixed assets and current assets are expected to grow over the planning period.

414. Vitesco's fixed assets are expected to increase from EUR 3,805.0 million in 2023 to EUR 4,806.5 million in 2028, which corresponds to an average annual increase of around 4.8%.

415. The planned increase in fixed assets is mainly due to the expected growth in property, plant and equipment, which is expected to rise from EUR 2,279.7 million in 2023 to EUR 3,085.2 million in 2028, corresponding to an annual increase of 6.2%. The investment plan for the next five years provides for total investments in property, plant and equipment of around EUR 3.5 billion, which are necessary to enable Vitesco's organic growth of 6.9% per year on average at revenue level over the planning period. The investments in 2024 and 2025 include major building measures and large investments in the area of electrification. The largest 25 investment projects represent a cumulative total of around EUR 828 million over the entire planning period. The largest investment projects relate to the expansion of the axle drive business. In particular, the production capacity of the EMR4 axle drive is to be expanded. Furthermore, high investments are planned to expand capacity for the production of 48-volt technology. Another significant investment project relates to Vitesco's battery management systems (BMS). The investment ratio in property, plant and equipment excluding right-of-use assets is set to fall continuously over the planning period from 7.6% in 2024 to 5.0% in 2028. Right-of-use assets from

leases are expected to increase from EUR 216.4 million in 2023 to EUR 319.5 million in 2028. This corresponds to an average annual growth rate of 8.1%.

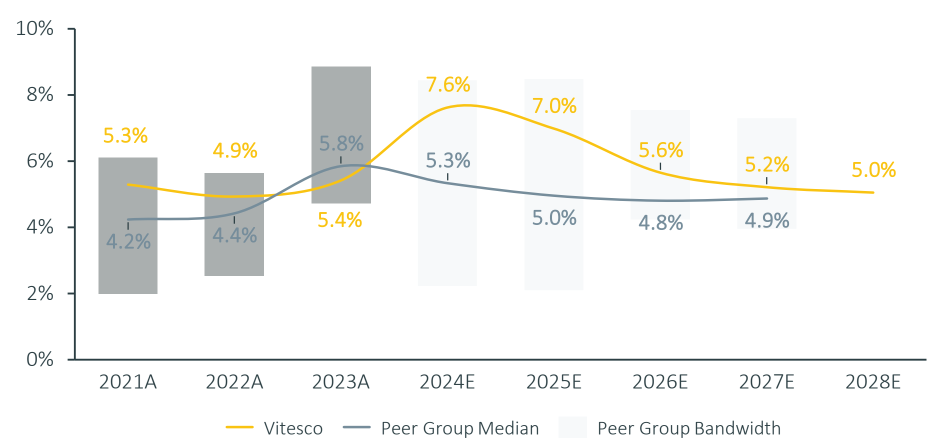
416. Intangible assets are expected to increase from EUR 1,122.0 million in 2023 to EUR 1,288.7 million in 2028. This corresponds to an average annual growth rate of 2.8%. Goodwill is expected to remain constant at EUR 792.3 million throughout the planning period, with the slight increase coming from other intangible assets. Capitalized development costs are expected to fall by an average of 1.6% annually in the planning period.

417. In the following analysis, investing activities in property, plant and equipment excluding right-of-use assets are considered in relation to Vitesco's revenue (hereinafter referred to as the "CAPEX ratio"). Based on CAPEX in property, plant and equipment excluding right-of-use assets of EUR 499.8 million in 2023, this is initially expected to increase to EUR 671.9 million in 2024 and EUR 689.1 million in 2025, before falling to EUR 634.6 million in 2026. In 2028, investments in property, plant and equipment will amount to around EUR 650.7 million. This corresponds to an initial increase in the CAPEX ratio to 7.6% in 2024 and an eventual continuous decline in the CAPEX ratio to 5.0% in 2028.

Benchmarking of CAPEX ratios (in property, plant and equipment)

418. The CAPEX ratio is compared with the peer group to check the plausibility of Vitesco's investment volume in property, plant and equipment. Due to the differences in the capitalization ratio of Vitesco's R&D costs compared to the peer group companies, only the investments in property, plant and equipment are compared directly with the peer group level:[146]

CAPEX ratio (in property, plant and equipment, in %)




419. The forecast CAPEX ratio in property, plant and equipment of the peer group for the years 2024 to 2027 is in a median range of 4.8% to 5.3%. With an expected CAPEX ratio in property, plant and equipment of between 7.6% and 5.0% within the same period, Vitesco tends to be at the

[146] The investment volume in capitalized development costs is indirectly checked for plausibility by analysing the total R&D costs.

upper end of the peer group range and above the peer group median. The higher investment volume in property, plant and equipment is intended in particular to enable the high revenue growth compared to the peer group.

420. As a result of the analysis, Vitesco's investments in property, plant and equipment in the planning period 2024 to 2028 are assumed unchanged for the purposes of the company valuation.

421. The other long-term assets are expected to increase slightly from EUR 403.3 million in 2023 to EUR 432.6 million in 2028. The increase is due to the increase in deferred tax assets. The other items within other long-term assets were largely planned to remain constant from 2024.

#### Current assets

422. Vitesco's current assets are expected to increase from EUR 3,816.5 million in 2023 to EUR 4,450.8 million in 2028 with an average annual growth rate of 3.1%. This is due to the increase in trade receivables and cash and cash equivalents.

423. Based on the planned region-specific and customer-specific debtor terms and depending on the planned business development of individual product lines and the product mix, trade receivables are expected to increase from EUR 1,546.0 million in 2023 to EUR 2,138.8 million in 2028. In the planning period, the debtor term fluctuates slightly between 60 and 62 days. The increase in trade receivables is in line with the planned increases in revenue.

424. In line with the planned revenue growth, inventories are expected to fall from EUR 828.4 million in 2023 to EUR 692.6 million in 2024 and then increase to EUR 815.1 million in 2028, which corresponds to a decline in inventory coverage from 42 days to 30 days.

425. According to management information, Vitesco's minimum operating cash corresponds to around two months' sales less an undrawn revolving credit facility of around EUR 800 million. This is reflected in a continuously rising minimum operating cash ratio (as a percentage of sales) from approx. 8% in 2024 to approx. 10% in 2028. Cash and cash equivalents will therefore initially fall from EUR 1,063.6 million in 2023 to EUR 669.6 million in 2024 and then rise to EUR 1,350.0 million in 2028, which corresponds to the level of minimum operating cash.

426. Other current assets make up only a small part of total current assets and will fall from EUR 378.5 million in 2023 to EUR 146.9 million in 2028. This corresponds to an average annual growth rate of -17.2% over the planning period. Income tax receivables within other current assets are planned to remain constant from 2024.

#### Equity and liabilities

427. In addition to interest-bearing and non-interest-bearing liabilities, the liabilities side of the Balance Sheet also includes provisions and Equity, which is derived on the basis of the integrated

business plan. The following breakdown of the liabilities side of the Balance Sheet is a presentation for valuation purposes.

| **Equity & Liabilities** | **Historical (adj.)** | | | **Projection** | | | | | ***CAGR*** |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | *2023-2028* |
| **Equity** | **2,688.3** | **3,061.7** | **3,015.5** | **3,243.5** | **3,585.3** | **4,111.6** | **4,361.8** | **4,523.0** | ***8.4%*** |
| **Provisions** | **561.5** | **464.4** | **439.1** | **297.7** | **231.3** | **193.3** | **174.7** | **161.6** | ***-18.1%*** |
| **Interest bearing liabilities** | **1,408.4** | **1,215.9** | **1,488.6** | **1,538.2** | **1,635.6** | **1,532.0** | **1,556.0** | **1,636.2** | ***1.9%*** |
| **Non-interest bearing liabilities** | **2,749.9** | **2,861.7** | **2,678.3** | **2,227.8** | **2,394.0** | **2,644.8** | **2,833.5** | **2,936.4** | ***1.9%*** |
| **Total equity and liabilities** | **7,408.1** | **7,603.7** | **7,621.5** | **7,307.2** | **7,846.3** | **8,481.7** | **8,926.0** | **9,257.2** | ***4.0%*** |

## Equity

428. Equity is developed on an integrated basis, taking into account the annual result for the respective period and the dividend distributions. In the integrated business plan, the liquidity in excess of the liquidity required for operating purposes is assumed to be distributed in full. For the purposes of determining the value after personal taxes, the payout ratio planned by Vitesco is used in the planning period.

429. Equity is expected to increase over the planning period from EUR 3,015.5 million in 2023 to EUR 4,523.0 million in 2028, which corresponds to an average annual growth rate of 8.4%. The increase in equity is driven in particular by the positive planned development of net profit for the year. Vitesco's projection is generally based on an average payout ratio of around 15%.

## Provisions

430. In addition to current provisions, the provisions also include deferred tax liabilities. Overall, provisions will decrease from EUR 439.1 million in 2023 to EUR 161.6 million in 2028. The decrease is mainly due to future costs incurred in connection with the reduction of the non-core ICE business, for which provisions have already been recognized. Deferred tax liabilities will remain almost constant in the planning period.

## Interest bearing liabilities

431. Liabilities are made up of interest-bearing and non-interest-bearing liabilities.

432. Interest bearing liabilities will increase overall in the planning period from EUR 1,488.6 million in 2023 to EUR 1,636.2 million in 2028. The promissory note loans and bank loans were kept constant at EUR 200.0 million and EUR 300.0 million respectively in the planning period for valuation purposes and not repaid as scheduled, as the level of minimum operating cash does not allow this without borrowing. In the years 2024 and 2025, the assumption of minimum operating cash will lead to a financing requirement that is recognized at the average borrowing costs.

433. Long-term employee benefits are the largest item within interest-bearing liabilities. These are expected to increase continuously from EUR 624.2 million in 2023 to EUR 821.8 million in 2028. This corresponds to average annual growth of around 5.7%. With the spin-off from Continental,

Vitesco has only taken over active employees in Germany and not employees who have already retired. As a result, the pension obligations will only be continuously built up by the active employees. Non-current provisions, which are recognized as Interest bearing liabilities, are expected to decrease continuously from EUR 137.8 million in 2023 to EUR 60.6 million in 2028.

434. Lease liabilities are initially expected to increase from EUR 219.5 million in 2023 to EUR 240.5 million in 2024. They are then expected to remain constant until 2027 and finally increase to EUR 253.8 million in 2028. This corresponds to a compounded annual growth rate of around 2.9%.

**Non-interest-bearing liabilities**

435. Non-interest-bearing liabilities in the planning period mainly consist of trade payables. In addition, non-interest-bearing liabilities in the planning period include short-term employee benefits and, to an insignificant extent, contract fulfilment costs, income tax liabilities, other financial liabilities and other liabilities. Non-interest-bearing liabilities are initially expected to fall from EUR 2,678.3 million in 2023 to EUR 2,227.8 million in 2024 and then increase continuously to EUR 2,936.4 million in 2028. This development is mainly due to the changes in trade payables.

436. Based on the planned region-specific and supplier-specific creditor terms and depending on the planned business development of individual product lines and the product mix, trade payables are initially expected to fall from EUR 1,838.6 million in 2023 to EUR 1,584.1 million in 2024 and then rise continuously to EUR 2,365.0 million in 2028. The term of accounts payable is therefore initially expected to fall from 93 days in 2023 to 84 days in 2024 and then rise steadily to 88 days in 2028. The decrease in trade payables in 2024 is mainly due to the decrease in trade payables for Continental's contract manufacturing. The development of trade payables is in line with the planned development of the cost of revenue.

437. Short-term employee benefits are expected to remain at a constant level of around EUR 272.1 million in the planning period. Following the increase in 2023, contract liabilities are expected to fall back to a historically comparable level. At the end of the planning period, contract liabilities are expected to be around EUR 15.1 million. Other financial liabilities are planned to remain constant at around EUR 88.5 million in the planning period. Income tax liabilities are expected to increase at an average annual growth rate of around 3.0% over the planning period to EUR 109.2 million in 2028. In contrast, Vitesco is planning for an increase in other liabilities to EUR 120.0 million in 2024 and a subsequent decrease to the historical level from 2023 of around EUR 86.5 million at the end of the planning period in 2028.

438. The main liability items in the balance sheet planning, in particular equity and non-interest-bearing liabilities, appropriately reflect the central assumptions of the earnings planning.

### 4.2.4 Result of the business plan analysis

439. To ensure a consistent derivation of future cash flows and growth rates, the key assumptions and premises of the business plan were analysed and checked for plausibility as part of a benchmarking analysis with the peer group. The planning process and planning accuracy were also analysed.

440. The budget was largely adopted without adjustment. The balance sheet planning was adjusted for cash on hand, interest-bearing liabilities and equity. According to the company, a minimum operating cash position of around two months' revenue less an undrawn revolving credit line of EUR 800 million was planned. This corresponds to an increasing minimum operating cash ratio (as a percentage of revenue) over the planning period from approx. 8% in 2024 to approx. 11% in 2028. This will result in additional financing requirements in 2024 and 2025, which in turn will result in additional interest expenses in 2025 and 2026. No further adjustments were made.

441. The planned revenue is based on a number of region- and technology-specific factors. Overall, Vitesco expects high average annual revenue growth of around 6.9%, which is to come exclusively from electrification. The high revenue growth is partly secured by particularly high order backlogs and is also supported by the expected global market growth for the volume of electric vehicles and for revenue of BEVs and PEVs of around 10% (CAGR) by 2028. In addition, Vitesco's comparatively high investments are also expected to support the strong volume and revenue growth.

442. Vitesco is planning a significant improvement in the EBITDA margin from 9.1% in 2023 to 13.7%. This means that Vitesco will only reach the median of the peer group companies at the end of the planning period. The planned volume growth, which is partly due to the high level of investment in electrification, should result in positive economies of scale and cost reductions.

443. Based on the analyses carried out on the market and competitive environment, the planning of the Profit & Loss Statement and the Balance Sheet planning, the benchmarking analyses with the peer group, the discussions held with the Management Board and other Vitesco employees and the analysis of the planning process, the business plan is considered ambitious but plausible against the background of the planned growth in revenue and the planned margin development.

## 4.3 Continuation phase

444. When determining the equity value using the dividend discount method or DCF method, a distinction is made between at least two planning phases when discounting future cash flows, assuming an unlimited life of the company. The first phase (detailed planning phase) consists of a finite number of periods and generally covers three to five financial years. Between the detailed planning phase and the continuation phase, it may be advisable to model a further intermediate phase (known as the Convergence or rough planning phase).

445. If, at the end of the detailed planning phase, the company is not yet in the "steady state" required for recognition in the continuation phase, e.g. due to unsustainable growth, appropriate assumptions must be made in the continuation phase as the second phase to enable recognition of the perpetual annuity.[147] The "steady state" describes a sustainable earnings and asset situation in which all items in the Profit & Loss Statement grow at the sustainable growth rate and, in this respect, there are no more changes in significant value drivers. In this way, extraordinary effects in the projection can be adjusted and the projection can be converted into sustainable estimates. This procedure was followed. To derive the sustainable result, a convergence phase for the period 2029 to 2030 was initially taken into account and then a perpetual annuity was applied.

**Sustainable result**

446. At the end of the detailed planning period in the financial year 2028, Vitesco is not yet in the steady state required for the recognition of the terminal value. This is due in particular to the fact that revenue growth is subject to strong fluctuations during the detailed planning period. These fluctuations are due on the one hand to the rapid decline in the non-core business (CAGR -30.0%) at the beginning of the Projection and on the other hand to strong growth in the Electrification segment (CAGR +39.8%), particularly in 2025 and 2026. In order to compensate for these fluctuations and the comparatively high growth (yoy) in 2025 and 2026, a sustainable level must be achieved as part of the convergence. Overall, it is still expected that demand for vehicles with combustion engines will tend to be subdued in the long term, while the growth prospects for hybrid and electric vehicles will be more positive in the future.

447. In the convergence phase, the revenue growth rate of 5.3% achieved in the last detailed planning year 2028 will be increased linearly over a period of two years to the sustainable level of 1.75% assumed for the continuation phase. Even in the fast-growing e-mobility market, future growth prospects are limited by the general growth in purchasing power and intense competition. The sustainable growth rate of 1.75% is just below the long-term inflation rate in the markets relevant to Vitesco and reflects the limited ability to pass on price increases in full to customers.

[147] See WP Handbook II, 2014, para. A 238 for the justification for the use of a convergence or rough planning phase.

448. In the convergence, the gross profit margin will be maintained at a constant cost of revenue ratio of 18.4% in 2028 and will reach a steady state of 18.2%. The sustainable gross profit margin is therefore above the historical level of the past three financial years.

449. Taking into account the level of the peer group companies, the EBITDA margin of Vitesco is converged to a sustainable level of 13.5%. This corresponds to the sustainable level used in the valuation of Schaeffler. The sustainable EBITDA margin is thus at a level comparable to the EBITDA margin of the last planning year 2028 in the amount of 13.7%.

450. The sustainable financial result of Vitesco results from the continued development of Interest bearing liabilities. The interest rates of the interest-bearing liabilities from the last planning year are carried forward on a sustainable basis.

451. The tax rate calculated by Vitesco results from the respective income taxes incurred in Germany and abroad. Vitesco's regional presence is considered sustainable in the last planning year. In the last planning year, Vitesco's tax rate was 25.8%. The existing tax loss carry forwards will only be used to a minor extent in the detailed planning period, meaning that the tax rate of 25.8% in 2028 is not at a sustainable level. As the value contribution of the tax loss carry forwards is recognized as a special item for valuation purposes, the sustainable tax rate is higher. Assuming no usable tax loss carry forwards at the end of the planning period in 2028, the tax rate would be approximately 26.5% (rounded). Accordingly, a sustainable tax rate of 26.5% is assumed.

452. Vitesco's annual result decreases slightly in the convergence phase and develops to a sustainable level of 5.6% of revenue by the time of perpetuity. This development is in line with the slight decline in the EBITDA margin in the convergence phase. The annual result (as a percentage of revenue) is therefore above the historical level of the past three financial years.

453. With regard to investments in intangible assets and right-of-use assets from leases, Vitesco is in a sustainable state at the end of the planning period. For this reason, the CAPEX ratio of 0.5% for intangible assets in the last planning year 2028 and the CAPEX ratio of 0.5% for right-of-use assets from leases in the last planning year 2028 will continue to be sustainable. With regard to investments in property, plant and equipment, Vitesco is not yet in a steady state at the end of the planning period in 2028. As the investment ratio in property, plant and equipment is higher in the planning period compared to history and compared to the peer group, it will be reduced to 5.0% in the convergence phase. This also corresponds to the sustainable investment ratio in property, plant and equipment used in the valuation of Schaeffler.

454. The sustainable level of the working capital items inventories, trade receivables and trade payables is extrapolated using the respective key figures of days inventory outstanding (DIO), days payables outstanding (DPO) and days sales outstanding (DSO) from the last year of detailed planning.

455. The cash and cash equivalents in the continuation phase result from the integrated development of the Profit & Loss Statement and Balance Sheet, taking into account the minimum op-

erating cash and the dividend distribution. In the last planning year 2028, cash and cash equivalents correspond to Vitesco's minimum operating cash. These are calculated on the basis of two months' revenue less an undrawn revolving credit facility of around EUR 800 million, which corresponds to a total of around 10% of revenue in 2028. This ratio is applied on a sustainable basis. This also corresponds to the sustainable level of cash and cash equivalents used in the valuation of Schaeffler.

456. Equity is developed on an integrated basis, taking into account the annual result for the respective period and the dividend distributions. In the pre-tax calculation, it is assumed that the liquidity in excess of the liquidity required for operating purposes is distributed in full. In the after-tax calculation, on the other hand, a distribution ratio of 50.0% (before personal taxes) of the annual result is assumed. This corresponds to the average payout ratio of the peer group of Vitesco and Schaeffler. The valuation of Schaeffler is also based on a payout ratio of 50.0%.

### Terminal value growth rate

457. Vitesco's business plan is a nominal projection. When discussing the sustainable growth of the financial surpluses for the continuation phase, the focus must be on nominal growth. In economic terms, this is made up of price increases or inflation-related growth and real growth. Real growth, in turn, can include volume growth and structural effects (product mix shifts). In valuation practice, only inflation-related growth is regularly assumed in the forecast for the continuation phase. Real growth beyond the detailed planning phase is often not taken into account. However, since the nominal industry growth rate and the company's market position are relevant for estimating the sustainable growth rate, it is necessary to include other components in addition to price-related growth, such as the possibility of passing on price increases to customers or the development and future prospects of the relevant revenue markets, in order to estimate the sustainable nominal growth rate. The orientation of Vitesco's strategy and product portfolio is strongly focused on the electrification of the powertrain and the growing market for e-mobility, which offers promising prospects for the future. While automotive suppliers usually tend to pass on price reductions to customers via efficiency gains due to contractual agreements and high competitive pressure, among other things, Vitesco has recently been able to pass on some inflation-related price increases for input factors to customers.

458. As at the valuation date, Vitesco is mainly active on the European market. As the valuation object is also projected in euros, inflation must also be based primarily on this currency. The ECB pursues an inflation target of 2.0% for Europe. It has already been observed in the past that inflationary growth is regularly below the target value specified by the central banks. An introductory analysis of this has already been carried out in the "Macroeconomic situation and outlook" section. In the period from 2015 to 2020, inflation rates below 2.0% were achieved in the eurozone and in Germany. In the wake of crises such as the Covid-19 pandemic and the war in Ukraine, an average inflation rate of 2.2% is forecast for the euro area and 2.4% for Germany in the period from 2024 to 2028. In the long-term forecast, it can be assumed that inflation will level off at the ECB's inflation target.

459. In an overall assessment of all growth components, a sustainable, sector-specific, nominal growth rate of 1.75% (before taxes) with a market risk premium of 7.0% before personal taxes was used as a basis against the background of expected inflation and the assumption of a certain passing on of price increases in long-term customer relationships. The corresponding growth discount to determine the dividend discount value after personal taxes is 1.52% with a market risk premium after personal taxes of 5.75%.

### Sustainable return on capital

460. The return on invested capital (*ROIC*) of Vitesco is above the weighted average cost of capital (*WACC*) at the end of the detailed planning phase and in the continuation phase. This means that any growth achieved in the continuation phase is profitable and value-enhancing.[148] This also applies at the level of the equity providers, as the return on equity is higher than the cost of equity.

461. For the purpose of illustrating the sensitivity of the equity value in accordance with the DVFA recommendations (before personal taxes) in relation to the increased beta factor of 1.05, it is considered appropriate to increase the growth discount to 2.25% in order to reflect interdependencies in the form of a higher operating risk in the financial surpluses..

[148] See section 4.4 “Value drivers and KPIs” for the difference between ROIC and WACC and attachment 5 "DCF valuation using the WACC method".

## 4.4 Overview of key figures and value drivers

| Adjusted Profit & Loss Statement | Historical (adj.) | | | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Revenues** | **8,348.5** | **9,070.0** | **9,233.2** | **8,817.5** | **9,869.4** | **11,236.3** | **12,248.2** | **12,899.8** | **13,355.8** | **13,589.5** | **13,827.3** |
| *growth (yoy)* | - | *8.6%* | *1.8%* | *-4.5%* | *11.9%* | *13.8%* | *9.0%* | *5.3%* | *3.5%* | *1.8%* | *1.8%* |
| Cost of sales | -7,228.1 | -7,912.9 | -7,820.9 | -7,385.0 | -8,197.9 | -9,214.3 | -10,011.5 | -10,525.5 | -10,921.8 | -11,113.0 | -11,307.4 |
| **Gross profit** | **1,120.4** | **1,157.1** | **1,412.3** | **1,432.5** | **1,671.5** | **2,022.0** | **2,236.7** | **2,374.3** | **2,434.0** | **2,476.6** | **2,519.9** |
| *in % of revenues* | *13.4%* | *12.8%* | *15.3%* | *16.2%* | *16.9%* | *18.0%* | *18.3%* | *18.4%* | *18.2%* | *18.2%* | *18.2%* |
| Selling, general and administrative cost | -357.2 | -353.1 | -403.2 | -349.9 | -349.8 | -371.5 | -376.7 | -380.3 | -404.1 | -421.7 | -429.1 |
| Research and development cost | -1,031.8 | -1,005.2 | -1,020.2 | -955.5 | -976.2 | -974.2 | -1,044.4 | -1,022.4 | -1,058.5 | -1,077.1 | -1,095.9 |
| Other operating income | 576.3 | 551.1 | 480.2 | 352.3 | 321.2 | 295.8 | 294.1 | 284.1 | 294.1 | 299.3 | 304.5 |
| Other operating expenses | -165.8 | -125.8 | -127.0 | -79.7 | -101.5 | -100.6 | -145.2 | -220.0 | -227.8 | -231.8 | -235.8 |
| **EBIT** | **141.9** | **224.1** | **342.1** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** | **1,037.7** | **1,045.4** | **1,063.7** |
| *in % of revenues* | *1.7%* | *2.5%* | *3.7%* | *4.5%* | *5.7%* | *7.8%* | *7.9%* | *8.0%* | *7.8%* | *7.7%* | *7.7%* |
| Total depreciations (throughout all functions) | 508.4 | 540.7 | 495.0 | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 | 775.6 | 789.2 | 803.0 |
| **EBITDA** | **650.3** | **764.8** | **837.1** | **907.7** | **1,151.7** | **1,505.5** | **1,659.7** | **1,761.4** | **1,813.4** | **1,834.6** | **1,866.7** |
| *in % of revenues* | *7.8%* | *8.4%* | *9.1%* | *10.3%* | *11.7%* | *13.4%* | *13.6%* | *13.7%* | *13.6%* | *13.5%* | *13.5%* |
| Financial results | -5.9 | -45.3 | -26.5 | -30.8 | -40.7 | -41.1 | -32.5 | -28.9 | -18.7 | -19.0 | -19.3 |
| **Results from ordinary activities** | **136.0** | **178.8** | **315.6** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** | **1,019.1** | **1,026.4** | **1,044.4** |
| Extraordinary results | -102.4 | -80.8 | -169.9 | - | - | - | - | - | - | - | - |
| **Income before tax** | **33.6** | **98.0** | **145.7** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** | **1,019.1** | **1,026.4** | **1,044.4** |
| *in % of revenues* | *0.4%* | *1.1%* | *1.6%* | *4.2%* | *5.3%* | *7.4%* | *7.6%* | *7.8%* | *7.6%* | *7.6%* | *7.6%* |
| Taxes on income | -155.6 | -74.4 | -242.1 | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 | -270.1 | -272.0 | -276.8 |
| *Effective tax rate (in %)* | *463.1%* | *75.9%* | *166.2%* | *38.2%* | *34.8%* | *28.9%* | *27.7%* | *25.8%* | *26.5%* | *26.5%* | *26.5%* |
| **Annual result** | **-122.0** | **23.6** | **-96.4** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** | **749.0** | **754.4** | **767.6** |
| *in % of revenues* | *-1.5%* | *0.3%* | *-1.0%* | *2.6%* | *3.5%* | *5.3%* | *5.5%* | *5.8%* | *5.6%* | *5.6%* | *5.6%* |

| **Assets** | **Historical (adj.)** | | | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| Intangible assets | 976.5 | 1,027.5 | 1,122.0 | 1,230.1 | 1,274.7 | 1,305.4 | 1,308.5 | 1,288.7 | 1,311.3 | 1,334.2 | 1,357.5 |
| Tangible assets | 2,544.9 | 2,414.6 | 2,279.7 | 2,565.5 | 2,768.7 | 2,886.3 | 2,968.0 | 3,085.2 | 3,139.2 | 3,194.1 | 3,250.0 |
| Financial Assets | 357.7 | 367.7 | 403.3 | 384.1 | 416.2 | 447.5 | 440.7 | 432.6 | 432.6 | 440.2 | 447.9 |
| **Fixed Assets** | **3,879.1** | **3,809.8** | **3,805.0** | **4,179.7** | **4,459.6** | **4,639.2** | **4,717.2** | **4,806.5** | **4,883.0** | **4,968.5** | **5,055.4** |
| Inventories | 806.9 | 827.7 | 828.4 | 692.6 | 709.5 | 764.6 | 792.3 | 815.1 | 843.9 | 858.7 | 873.7 |
| Trade receivables | 1,518.9 | 1,631.4 | 1,546.0 | 1,495.3 | 1,623.0 | 1,857.1 | 2,028.3 | 2,138.8 | 2,214.4 | 2,253.2 | 2,292.6 |
| Cash and Equivalents | 614.0 | 781.1 | 1,063.6 | 669.6 | 844.9 | 1,072.7 | 1,241.4 | 1,350.0 | 1,350.0 | 1,373.6 | 1,397.6 |
| Other current assets | 589.2 | 553.7 | 378.5 | 270.0 | 209.3 | 148.1 | 146.8 | 146.9 | 152.1 | 154.8 | 157.5 |
| **Current Assets** | **3,529.0** | **3,793.9** | **3,816.5** | **3,127.5** | **3,386.7** | **3,842.5** | **4,208.8** | **4,450.8** | **4,560.4** | **4,640.2** | **4,721.4** |
| **Total Assets** | **7,408.1** | **7,603.7** | **7,621.5** | **7,307.2** | **7,846.3** | **8,481.7** | **8,926.0** | **9,257.2** | **9,443.4** | **9,608.6** | **9,776.8** |

| **Equity & Liabilities** | **Historical (adj.)** | | | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Equity** | **2,688.3** | **3,061.7** | **3,015.5** | **3,243.5** | **3,585.3** | **4,111.6** | **4,361.8** | **4,523.0** | **4,562.2** | **4,642.0** | **4,723.2** |
| **Provisions** | **561.5** | **464.4** | **439.1** | **297.7** | **231.3** | **193.3** | **174.7** | **161.6** | **166.8** | **169.7** | **172.7** |
| **Interest bearing liabilities** | **1,408.4** | **1,215.9** | **1,488.6** | **1,538.2** | **1,635.6** | **1,532.0** | **1,556.0** | **1,636.2** | **1,678.1** | **1,707.5** | **1,737.3** |
| **Non-interest bearing liabilities** | **2,749.9** | **2,861.7** | **2,678.3** | **2,227.8** | **2,394.0** | **2,644.8** | **2,833.5** | **2,936.4** | **3,036.3** | **3,089.5** | **3,143.5** |
| **Total equity and liabilities** | **7,408.1** | **7,603.7** | **7,621.5** | **7,307.2** | **7,846.3** | **8,481.7** | **8,926.0** | **9,257.2** | **9,443.4** | **9,608.6** | **9,776.8** |

| **Value Drivers and KPIs** | **Historical (adj.)** | | | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| **Revenues** | **8,348.5** | **9,070.0** | **9,233.2** | **8,817.5** | **9,869.4** | **11,236.3** | **12,248.2** | **12,899.8** | **13,355.8** | **13,589.5** | **13,827.3** |
| *growth (yoy)* | | *8.6%* | *1.8%* | *-4.5%* | *11.9%* | *13.8%* | *9.0%* | *5.3%* | *3.5%* | *1.8%* | *1.8%* |
| EBITDA | 650.3 | 764.8 | 837.1 | 907.7 | 1,151.7 | 1,505.5 | 1,659.7 | 1,761.4 | 1,813.4 | 1,834.6 | 1,866.7 |
| *in % of revenues* | *7.8%* | *8.4%* | *9.1%* | *10.3%* | *11.7%* | *13.4%* | *13.6%* | *13.7%* | *13.6%* | *13.5%* | *13.5%* |
| EBIT | 141.9 | 224.1 | 342.1 | 399.7 | 565.2 | 871.5 | 964.5 | 1,035.7 | 1,037.7 | 1,045.4 | 1,063.7 |
| *in % of revenues* | *1.7%* | *2.5%* | *3.7%* | *4.5%* | *5.7%* | *7.8%* | *7.9%* | *8.0%* | *7.8%* | *7.7%* | *7.7%* |
| Annual result | -122.0 | 23.6 | -96.4 | 228.0 | 341.8 | 590.6 | 674.0 | 746.8 | 749.0 | 754.4 | 767.6 |
| *in % of revenues* | *-1.5%* | *0.3%* | *-1.0%* | *2.6%* | *3.5%* | *5.3%* | *5.5%* | *5.8%* | *5.6%* | *5.6%* | *5.6%* |
| **NOPLAT** | **-180.1** | **29.7** | **-115.0** | **259.6** | **376.2** | **629.7** | **708.4** | **779.4** | **782.6** | **788.5** | **802.3** |
| *in % of revenues* | *-2.2%* | *0.3%* | *-1.2%* | *2.9%* | *3.8%* | *5.6%* | *5.8%* | *6.0%* | *5.9%* | *5.8%* | *5.8%* |
| **Fixed Assets** | **3,879.1** | **3,809.8** | **3,805.0** | **4,179.7** | **4,459.6** | **4,639.2** | **4,717.2** | **4,806.5** | **4,883.0** | **4,968.5** | **5,055.4** |
| *growth (yoy)* | | *-1.8%* | *-0.1%* | *9.8%* | *6.7%* | *4.0%* | *1.7%* | *1.9%* | *1.6%* | *1.7%* | *1.7%* |
| *Turnover* | | *2.3x* | *2.4x* | *2.3x* | *2.4x* | *2.5x* | *2.6x* | *2.7x* | *2.8x* | *2.8x* | *2.8x* |
| **CAPEX** | **-630.5** | **-568.4** | **-698.8** | **-901.9** | **-834.3** | **-782.4** | **-780.0** | **-823.1** | **-852.2** | **-867.1** | **-882.3** |
| *in % of revenues* | *-7.6%* | *-6.3%* | *-7.6%* | *-10.2%* | *-8.5%* | *-7.0%* | *-6.4%* | *-6.4%* | *-6.4%* | *-6.4%* | *-6.4%* |
| **Investitionen in Sachanlagen (CAPEX exkl. IFRS 16)** | **-441.3** | **-446.6** | **-499.8** | **-671.9** | **-689.1** | **-634.6** | **-637.8** | **-650.7** | **-673.7** | **-685.5** | **-697.5** |
| *in % of revenues* | *-5.3%* | *-4.9%* | *-5.4%* | *-7.6%* | *-7.0%* | *-5.6%* | *-5.2%* | *-5.0%* | *-5.0%* | *-5.0%* | *-5.0%* |
| **Net Working Capital** | **217.6** | **467.8** | **699.1** | **602.0** | **761.4** | **1,004.4** | **1,200.6** | **1,352.8** | **1,357.3** | **1,381.0** | **1,405.2** |
| *growth (yoy)* | | *115.0%* | *49.4%* | *-13.9%* | *26.5%* | *31.9%* | *19.5%* | *12.7%* | *0.3%* | *1.8%* | *1.8%* |
| *Turnover* | | *41.7x* | *19.7x* | *12.6x* | *16.4x* | *14.8x* | *12.2x* | *10.7x* | *9.9x* | *10.0x* | *10.0x* |
| **Invested Capital (asset side)** | **4,096.7** | **4,277.6** | **4,504.1** | **4,781.7** | **5,221.0** | **5,643.6** | **5,917.8** | **6,159.2** | **6,240.3** | **6,349.5** | **6,460.6** |
| *growth (yoy)* | | *4.4%* | *5.3%* | *6.2%* | *9.2%* | *8.1%* | *4.9%* | *4.1%* | *1.3%* | *1.8%* | *1.7%* |
| *Turnover* | | *2.2x* | *2.2x* | *2.0x* | *2.1x* | *2.2x* | *2.2x* | *2.2x* | *2.2x* | *2.2x* | *2.2x* |
| **Interest-bearing debt (book value)** | 1,408.4 | 1,215.9 | 1,488.6 | 1,538.2 | 1,635.6 | 1,532.0 | 1,556.0 | 1,636.2 | 1,678.1 | 1,707.5 | 1,737.3 |
| Equity (book value) | 2,688.3 | 3,061.7 | 3,015.5 | 3,243.5 | 3,585.3 | 4,111.6 | 4,361.8 | 4,523.0 | 4,562.2 | 4,642.0 | 4,723.2 |
| Equity (market value) | | | | 6,385.2 | 6,990.3 | 7,699.1 | 8,207.5 | 8,539.9 | 8,801.9 | 8,924.4 | 9,080.6 |
| **Financial Leverage (at market values)** | | | | **24.1%** | **23.4%** | **19.9%** | **19.0%** | **19.2%** | **19.1%** | **19.1%** | **19.1%** |
| **Return on Invested Capital (ROIC) based on book values** | | **0.7%** | **-2.7%** | **5.8%** | **7.9%** | **12.1%** | **12.6%** | **13.2%** | **12.7%** | **12.6%** | **12.6%** |
| Weighted Average Cost of Captial (WACC) | | | | 9.2% | 9.2% | 9.3% | 9.3% | 9.4% | 9.4% | 9.4% | 9.4% |
| **ROIC - WACC Spread (book values)** | | | | **-3.4%** | **-1.4%** | **2.8%** | **3.2%** | **3.8%** | **3.3%** | **3.3%** | **3.3%** |
| **Return on Capital Employed (ROCE) based on book values** | | **3.0%** | **4.1%** | **9.3%** | **12.1%** | **17.0%** | **17.4%** | **17.8%** | **17.3%** | **17.2%** | **17.2%** |
| **Free Cash Flow (FCF)** | | | | **-18.0** | **-63.1** | **207.1** | **434.2** | **537.9** | **701.5** | **679.3** | **691.2** |
| *growth (yoy)* | | | | | *250.5%* | *-428.2%* | *109.7%* | *23.9%* | *30.4%* | *-3.2%* | *1.8%* |

## 4.5 Cost of capital

462. For the valuation of a company, the expected future financial surpluses must be discounted to the valuation date using a suitable interest rate. This interest rate is calculated from the (expected) return and the price of the best alternative use of capital compared to the valuation object. From an economic point of view, the capitalization rate represents the decision alternative of an investor who compares the return on his investment in the company to be valued with the return on a corresponding alternative investment in company shares. The capitalization rate represents the return from an alternative investment that is adequate for the investment in the company to be valued if this is equivalent to the cash flow to be capitalized in terms of maturity, risk and taxation.[149]

463. In the present case, the dividend discount method in accordance with IDW S 1 after personal taxes and the DCF method for determining the value in accordance with the DVFA recommendations before personal taxes are applied. Accordingly, the tax differences must also be reflected in the capitalization rates of both methods.

464. The distributions due to the equity providers are the basis for determining the value using the dividend discount method after personal taxes. Accordingly, the distributions are discounted using the cost of equity after personal taxes, which corresponds to the average expected return of the equity providers. The cost of equity capital owed is calculated on a period-specific basis.

465. The levered cost of equity after personal taxes are determined as follows:

$$r_{EK}^{V} = \boldsymbol{r}_{f(after\ pers.\ taxes)} + \beta_V \text{ x } MRP_{after\,pers.\ taxes}$$[150]

with

| | |
|---|---|
| $r_{EK}^{V}$: | Cost of equity after personal taxes |
| $r_{f\ (after\ pers.\ taxes)}$ | Risk-free interest rate (after personal taxes) |
| $\beta_V$: | Levered beta factor ("levered beta factor") |
| $\mathrm{MRP}_{(\mathrm{after\ pers.taxes})}$ | Market risk premium (after personal taxes) |

149 See IDW S 1, para. 113 ff.

150 The formula shown is also applicable in the input tax world.

466. The levered cost of equity before personal taxes are determined on an accrual basis as follows:

$$r_{EK}^{V;bpt} = r_{f(before\ pers.\ taxes)} + \beta_V \times MRP_{(before\ pers.\ taxes)}$$

with

| | |
|---|---|
| $r_{EK}^{V;bpt}$: | Cost of equity before personal taxes |
| $r_{f(\text{before pers. taxes})}$ | Risk-free interest rate (before personal taxes) |
| $\beta_V$: | Levered beta factor ("levered beta factor") |
| $MRP_{(\text{before pers. taxes})}$ | Market risk premium (before personal taxes) |

467. In particular, capital market returns for company investments (in the form of share portfolios) can be considered as a starting point for determining alternative returns. These returns can generally be broken down into a risk free rate and a risk premium demanded by the shareholders due to the assumption of entrepreneurial risk.

468. The procedure described for determining the cost of equity after personal taxes can also be applied analogously to figures before personal taxes.

### 4.5.1. Risk free rate

469. The risk free rate represents the return on a (quasi) risk free investment with an appropriate maturity. A yield curve for government bonds can be used as the basis for estimating the risk free rate, as the zero bond factors derived from the yield curve with matching maturities ensure compliance with the maturity equivalence. The yield curve shows the relationship between the interest rates and maturities of zero bonds without credit default risk.

470. The published yield curve data of the Deutsche Bundesbank or the ECB can be used to estimate the yield curve[151] . If a yield curve is used, the corresponding interest rate with an appropriate term can be determined for each plan year. For reasons of simplification, it is appropriate and accepted to calculate and use a uniform risk free rate from the yield curve over the entire period, i.e. starting with the first year (so-called present value equivalent interest rate).

471. To determine the risk free rate, the IDW recommends the Svensson method, which is based on a procedure used by the Deutsche Bundesbank that calculates yield curves for hypothetical zero bond yields over various maturities. This estimation method enables the theoretical calculation of a zero bond interest rate for each term to the reporting date. To smooth out short-

[151] Estimate using the Svensson method.

term market fluctuations, it is common practice to calculate average yields for each term from the daily yield curves of the last three months (here: January to April 2024).

472. On this basis, a uniform risk free rate of rounded 2.50% before personal taxes is assumed as at the valuation date. After taking into account the withholding tax of 25% and the solidarity surcharge of 5.5%, the uniform risk free rate after personal taxes is rounded to 1.84%.

### 4.5.2. Risk premium

473. When determining an equity value, the risk premium is not based on the subjective risk appetite of individual company owners, but on the behaviour of the market as a whole. It must be assumed that investors perceive a particular risk when investing in companies (investor risk). The risk premium demanded for assuming this risk can be derived from the empirically determined share returns on the capital market with the help of capital market pricing models. In its standard form, the Capital Asset Pricing Model ("CAPM") is a capital market model in which capital costs and risk premiums are explained without taking into account the effects of personal income taxes.

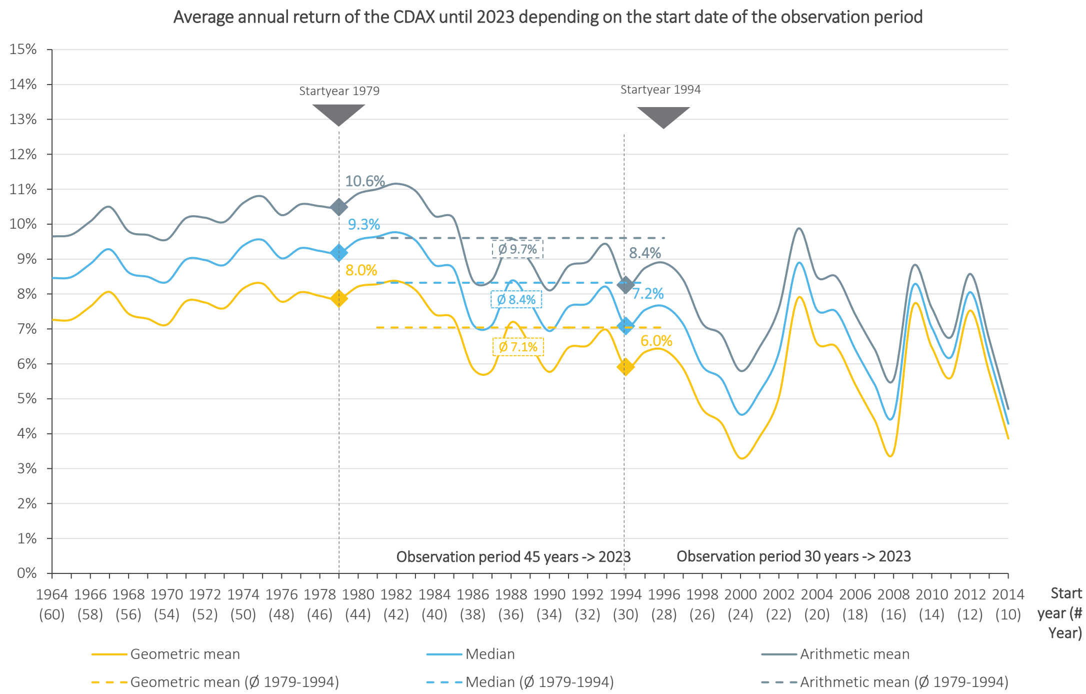
474. With regard to the cost of capital after personal taxes, the so-called "Tax-CAPM" is used. In addition to the risk free interest rate, the market risk premium must also be converted into a figure after personal taxes.

#### Market risk premium

475. The market risk premium is defined as the difference between the expected value of the long-term yields of a market portfolio consisting of risky securities and the current risk free rate on the valuation date, which is represented by the (quasi) risk free interest rate of government bonds.

476. Capital market studies have shown that investments in shares have generated higher returns in the past than investments in low-risk bonds. Historically observable total returns for a market

portfolio range from 7.1% to 9.7% before personal taxes in the long term, depending on the observation period and the type of averaging.[152]

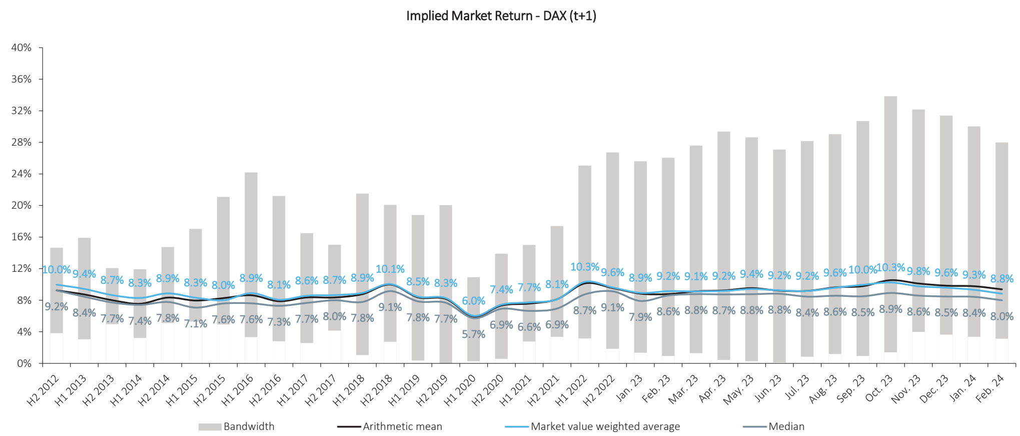



*Source: ValueTrust's own analysis with data from the S&P Capital IQ database and from the Deutsche Bundesbank - yield curve (Svensson method)*

477. As historically calculated total returns depend on the observation period and historical time series are influenced by the financial market crisis since 2007 and the low-interest phase, the results may be sensitive. Therefore, historical implied market returns can also be derived on the basis of analysts' estimates. These are based on the market capitalization of the companies and the analysts' earnings forecasts, whereby different forecasts can be used for the periods. The forecast t+1 refers to the current financial year (one-period model) and the forecast t+2 to the following financial year.

[152] Own analysis taking into account the CDAX as a market portfolio and various maturities.

478. Based on the forecasts t+1, the implied market return in the period 2013 to the valuation date for the DAX[153] is in a range of 6.0% to 10.3% before personal taxes on a market value-weighted average and amounts to 8.8% in February 2024:




*Source: ValueTrust's own analysis using data from the S&P Capital IQ database and from the Deutsche Bundesbank - yield curve (Svensson method)*

479. Due to the Covid-19 pandemic in 2020 and the first half of 2021, the implied market return based on analysts' low profit expectations for the next period t+1 fell significantly. From the second half of 2021, the implied market return for the next period t+1 increased. In the first half of 2022, the start of the war in Ukraine also led to a further increase in implied market yields, which have since remained at the higher level in a range of 8.8% to 10.3%.

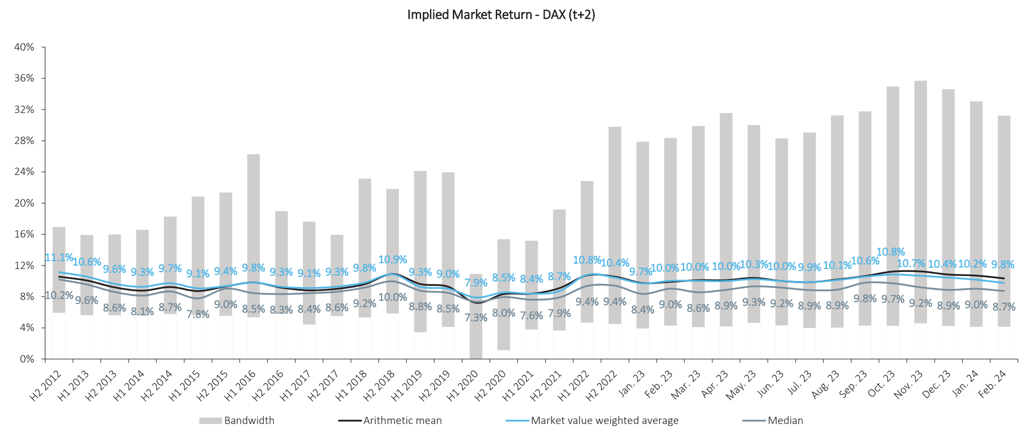
480. If the profit or dividend forecasts for the current year are influenced by short-term special effects, such as the impact of an economic or financial crisis, and are therefore not representative of a sustainable level, the implied market returns calculated using a one-period model are systematically underestimated.

481. This was particularly evident at the time of the Covid-19 pandemic, when analysts expected profits to rise again in the following year t+2. It can therefore be assumed that the market risk premium is underestimated in times of crisis based on the estimates for period t+1. In these phases, the measured expected return is below the return actually demanded by the market in the longer term and can therefore not be used as an estimate for the implied market return.[154]

[153] Own analysis by ValueTrust. Note: As there were insufficient analyst forecasts for the CDAX companies, the DAX was used as a basis here.

[154] See Aschauer/Purtscher/Witte, Renditeforderungen in Krisenzeiten - Eine empirische Untersuchung der letzten Krisenereignisse, RWZ 6/2020.

482. At the time of preparing this Expert Opinion, the implied return based on analyst estimates for time t+2 is 9.8% and therefore higher than the value of a one-period model, although the difference between the two values is relatively small. The small difference indicates that the value of the one-period model is not distorted by current crisis events: [155]




*Source: ValueTrust's own analysis with data from the S&P Capital IQ database and from the Deutsche Bundesbank - yield curve (Svensson method)*

483. The inclusion of the MDAX companies in the implied market return model confirms the analyses carried out for the DAX. The implied return based on analyst estimates for the DAX and MDAX is 8.7% for time t+1. The implied return for time t+2 is 9.7% and thus also supports the implied return for time t+1.[156] These analyses do not provide any indications that investors will demand a different total return in the future.

484. The market returns observed historically and currently indicate a range for the implied market return of between 8.7% and 9.8%. After deducting the risk free interest rate before personal taxes of 2.5%, the implied returns of the DAX and MDAX result in a market risk premium before personal taxes of between 6.2% and 7.3%.

485. Taking into account a sustainable payout ratio of 50% and the different taxation of dividends and capital gains with full or half withholding tax plus solidarity surcharge, this results in a market risk premium after personal taxes of between 5.1% and 6.0%.

486. Based on its own studies of historical and implicit market risk premiums, the Expert Committee for Business Valuation and Economics of the IDW ("FAUB") recommends a market risk premium before personal taxes of 6.0% to 8.0% in its recommendation dated October 22, 2019.[157] Even in the current situation of the war in Ukraine, the capitalization rate according to the FAUB in

[155] Own analysis by ValueTrust.

[156] All returns mentioned refer to returns before personal taxes.

[157] Cf. meeting of the IDW Expert Committee for Business Valuation and Business Administration on October 22, 2019: https://www.idw.de/idw/idw-aktuell/neue-kapitalkostenempfehlungen-des-faub/120158.

its recommendation of March 20, 2022 is based on long-term analyses of average market returns, on the basis of which the FAUB continues to see the market risk premium in the range of 6.0% to 8.0%.[158] For the after-tax view, the FAUB recommends a range of 5.0% to 6.5%.

487. Based on the capital market studies we have carried out, the range recommended by the FAUB for the market risk premium, taking into account the current risk free rate, is justified both before personal taxes and after personal taxes. In particular, the use of the respective mean value of the ranges of the market risk premium before personal taxes and after personal taxes also appears appropriate in view of the current capital market parameters.

488. In the practice of business valuations for structural measures under stock corporation law, it is common practice and recognized in court rulings in appraisal proceedings to use the mean value of the range recommended by the FAUB of 5.75% after personal taxes. This procedure is followed in the following derivation of the discounted discount value after personal taxes in accordance with IDW S 1 as at the valuation date relevant here. The derivation of the DCF value in accordance with the DVFA recommendations is based on a market risk premium before personal taxes. A similar procedure as for the derivation of the market risk premium after personal taxes leads to the mean value of the range recommended by the FAUB of 7.0% when determining the market risk premium before personal taxes. The mean value of the range recommended by the FAUB of 7.0% before personal taxes and 5.75% after personal taxes is appropriate in light of the FAUB's own analyses of implicit market returns and taking into account the current risk free rate.

### Beta factor

489. The market risk premium discussed in the previous section must be modified with regard to the specific risk structure of the company to be valued. The company-specific risk is expressed in the so-called beta factor according to the (tax) CAPM.

490. As Vitesco AG is a listed company, the own beta factor of Vitesco AG can initially be used to estimate an appropriate beta factor, provided that this represents an adequate estimator for the risk of the business model depicted in the business plan. This is particularly the case if the corporate strategy and orientation of the past is essentially continued unchanged in the future and the share price as the basis for determining the beta factor in the relevant observation period is not distorted by special factors.

491. The analysis of the Vitesco share price shows that there have been various special influences in the past, including speculation about a possible Tender Offer. However, the analysis shows that Vitesco's share price performance over the last 18 months is closely linked to the company's fundamental and strategic development. In particular, Vitesco's transformation strategy is evidenced by the significant increase in incoming orders in the field of electrification since 2022 in the context of high market growth.

---

158 Cf. impact of Russia's war against Ukraine on company valuations from March 20, 2022: https://www.idw.de/blob/135162/ae068030dbc7af2e7e74d9ae1875bfab/down-ukraine-idw-fachlhin-unternehmensbewertung-data.pdf

492. Vitesco AG has only been listed on the stock exchange since September 2021. In addition, an undistorted own beta factor that adequately represents the risk of Vitesco's business model cannot be calculated for periods after the announcement of the Tender Offer in October 2023 due to the subsequent stock price reaction. For this reason, the two-year period for the share and market returns as at October 6, 2023 was analysed to calculate the intrinsic beta factor. In addition, the beta factor calculated on the basis of these analyses was subjected to various significance tests (R-squared and t-statistics). The result shows that the own beta factor of the Vitesco shares is statistically significant at around 1.00 as at the reporting date.

493. The analysis of the liquidity of the Vitesco share also supports the relevance of the intrinsic beta factor. The liquidity of the Vitesco share was analysed over various periods of time, taking into account criteria from case law and other generally accepted market liquidity criteria. These liquidity criteria relate to the development of the free float of Vitesco shares, the development of the daily bid-ask spread observable on the market, the relative number of shares traded on the market on a given day in relation to the total number of shares and the number of days on which a stock price was determined and the share was actively traded. Based on the aforementioned liquidity criteria, the Vitesco share has a relatively high liquidity (see section 4.6.4).

494. Another method recognized in valuation practice is the use of a beta factor based on a group of comparable companies (peer group). By comparing the own beta factor with the beta factors of the peer group companies, the suitability of the own beta factor for estimating the current risk can be analysed. Vitesco's peer group companies are used for this purpose. This peer group beta factor - guaranteed by the scoring - has an operational risk comparable to the valuation object and can therefore be used as an alternative to determine the cost of capital for the valuation object.

495. As with the consideration of the own beta factor, in connection with the relevance of the returns determined from the stock prices of the peer group companies, it is also necessary to check whether the returns used to determine the beta factor are not affected by distortions in the stock prices of the respective peer group companies. As part of this analysis, the development of the shares in free float, the daily trading volume (absolute and in relation to the free float) and the transaction costs (in the form of the bid-ask spread) are examined. If the free float and the trading volume are low and the share price is influenced by other non-value-related events, individual beta factors of the peer group companies are not taken into account when determining the beta factor due to the limited "marketability" of the respective shares.

496. Based on the debt beta factors observable on the capital market for the respective peer companies, unlevered beta factors are determined using the Harris-Pringle formula, taking into account the capital structure (i.e. debt ratio) and uncertain tax advantages of debt financing. Debt

betas are determined on the basis of credit spreads, which are derived from the debt rating and debt maturity of the respective company.

497. An analysis of the identified peer group companies with regard to the observable beta factors shows the following picture:

| Company | Index | Beta levered 5 years 2024 - 2020 monthly | Beta levered 2 years 2024 - 2023 weekly | Leverage 5 years 2024 - 2020 monthly | Leverage 2 years 2024 - 2023 weekly | Beta unlevered 5 years 2024 - 2020 monthly | Beta unlevered 2 years 2024 - 2023 weekly |
|---|---|---|---|---|---|---|---|
| Valeo SE | CAC All-Tradable Index | 1.73 | 1.83 | 1.1x | 1.4x | 0.93 | 0.88 |
| Dana Incorporated | S&P 500 | 2.55 | 1.66 | 1.1x | 1.2x | 1.37 | 0.89 |
| BorgWarner Inc. | S&P 500 | 1.32 | 1.06 | 0.4x | 0.4x | 1.00 | 0.79 |
| Aisin Corporation | TOPIX INDEX | 1.46 | 1.30 | 0.7x | 0.8x | 0.92 | 0.81 |
| Magna International Inc. | S&P/TSX Composite Index | 1.71 | 1.36 | 0.4x | 0.4x | 1.32 | 1.03 |
| Dowlais Group plc | FTSE All-Share Index (GBP) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| DENSO Corporation | TOPIX INDEX | 1.41 | 1.67 | 0.2x | 0.2x | 1.20 | 1.44 |
| Garrett Motion Inc. | FTSE Switzerland Index | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Min | | 1.32 | 1.06 | 0.2x | 0.2x | 0.92 | 0.79 |
| Median | | 1.59 | 1.51 | 0.6x | 0.6x | 1.10 | 0.89 |
| Average | | 1.70 | 1.48 | 0.6x | 0.7x | 1.12 | 0.98 |
| Max | | 2.55 | 1.83 | 1.1x | 1.4x | 1.37 | 1.44 |
| **Vitesco Technologies Group Aktiengesellschaft** | **CDAX Index (Total Return)** | **n.a.** | **1.30** | **n.a.** | **0.4x** | **n.a.** | **0.98** |
| Median (Best Comps) | | 1.72 | 1.51 | 0.9x | 1.0x | 1.12 | 0.89 |
| Average (Best Comps) | | 1.86 | 1.54 | 0.8x | 0.9x | 1.13 | 0.90 |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database.*

498. Taking into account the two-year and five-year observation periods usually used, an unlevered beta factor of between 1.00 and 1.10 can be derived for Vitesco's peer group companies as at February 23, 2024 ("capital market reporting date")[159] . However, the five-year observation period may be distorted by special effects such as the Covid-19 pandemic, so that the two-year observation period is also used against the background of Vitesco AG's short stock market history.

499. A comprehensive analysis, which mainly takes into account the own beta factor of Vitesco AG and additionally includes the beta factors of the peer group companies, whereby the two-year observation period is to be given priority, and taking into account the risk profile of Vitesco's future financial surpluses, which suggests significant revenue increases and margin expansions, results in an appropriate beta factor of approx. 1.00. Due to the planned revenue growth above peer group level, the increase in ROCE and the ambitions in the planning horizon of the valuation, a beta factor of higher than 1.00 could also be justified.

500. Based on the previously described market risk premium of 5.75% after personal taxes and the unlevered beta factor of 1.00, this results in a risk premium (for the operational risk) of 5.75% after personal taxes.

501. The unlevered cost of equity after personal taxes therefore amounts to

$$1.84\% + 1.00 \times 5.75\% = 7.59\%$$

[159] Capital market data is always retrieved on Fridays in accordance with the valuation expert's procedure. February 23, 2024 is the next practicable cut-off date before invitations to the Annual General Meetings.

502. Vitesco's unlevered cost of equity is presented below in the pre-tax view. Based on the previously described market risk premium of 7.00% before personal taxes and the unlevered beta factor of 1.00, this results in a risk premium (for the operating risk) of 7.00% before personal taxes.

503. The unlevered cost of equity before personal taxes therefore amounts to

$$2.50\% + 1.00 \times 7.00\% = 9.50\%$$

### 4.5.3. Growth discount

504. In the continuation phase, the cost of capital must be technically corrected by a growth discount in order to take account of the planned long-term growth expectations. This sustainable growth in financial surpluses can be mathematically reflected in the cost of capital as a growth discount. Analogous to the derivation and approach of the growth rate of the sustainable financial surpluses described in section 4.5, a growth discount of 1.52% after personal taxes or 1.75% before personal taxes is set in the cost of capital in the perpetual annuity (see section 4.3).

## 4.6 Company valuation stand-alone

505. Due to the generally accepted application of the dividend discount method in accordance with IDW S 1 in the context of structural measures under stock corporation and transformation acts, the Cashflows to equity (FTE) after personal taxes are derived below on the basis of the planned profit & loss statements and the planned balance sheets. The equity value of Vitesco after personal taxes is determined using direct typification and taking into account special items with a market risk premium of 5.75% after personal taxes.

506. In addition, the equity value is calculated in accordance with the DVFA recommendations before personal taxes, taking into account a market risk premium before personal taxes of 7.0%.

507. In addition, the stock price of the Vitesco share as well as trading and transaction multiples are compared with the DCF values. In line with the plurality of methods in accordance with the DVFA recommendations, all valuation methods are to be regarded as equivalent.

508. A sensitivity analysis is also presented.

### 4.6.1 Equity value after personal taxes in accordance with IDW S 1

#### 4.6.1.1 Dividend discount value

509. Due to the consideration of personal taxes in the dividend discount method under IDW S 1, additional assumptions with regard to the dividend distribution policy and the payout ratio are relevant. In order to consistently take into account the typified personal tax consequences, it is necessary to differentiate the distributions remaining after the necessary retention of earnings based on the plan assumptions for the investment program, the required changes in net working capital and the capital structure. For valuation purposes the remaining distributions are divided into dividends and a share of fictive retained earnings because dividends and capital gains represented through fictive retained earnings are effectively subject to a different tax burden at the shareholder level. In the detailed planning phase, dividend planning is adopted by Vitesco. In the convergence phase and the continuation phase, a payout ratio of 50% derived from the peer group is assumed (see section 4.3).

510. In the following, the financial surpluses after personal taxes are derived on the basis of the business plan:

| **Derivation of financial surpluses after pers. taxes** | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Annual result** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** | **749.0** | **754.4** | **767.6** |
| Dividend (before personal taxes) | - | 0.0 | 64.3 | 101.1 | 112.0 | 374.5 | 377.2 | 383.8 |
| Personal taxes on dividends | - | 0.0 | 17.0 | 26.7 | 29.5 | 98.8 | 99.5 | 101.2 |
| **Dividend after personal taxes** | **-** | **0.0** | **47.3** | **74.4** | **82.5** | **275.7** | **277.7** | **282.6** |
| Retention of earnings | 228.0 | 341.8 | 526.3 | 250.1 | 161.2 | 39.1 | 79.8 | 81.2 |
| Fictitious addition (before personal taxes) | - | - | - | 322.8 | 473.5 | 335.4 | 297.4 | 302.6 |
| Personal taxes on fictitious additions (13%) | - | - | - | 42.6 | 62.4 | 44.2 | 39.2 | 39.9 |
| **Fictitious additions (after personal taxes)** | **-** | **-** | **-** | **280.2** | **411.1** | **291.2** | **258.1** | **262.7** |
| **Financial surplus (after personal taxes)** | **-** | **0.0** | **47.3** | **354.6** | **493.6** | **566.9** | **535.9** | **545.2** |
| **Financial surpluses to be discounted** | **-** | **0.0** | **47.3** | **354.6** | **493.6** | **566.9** | **535.9** | **545.2** |

511. With regard to the cost of capital according to Tax-CAPM, the risk free rate and the market risk premium are each calculated after personal taxes. The risk free rate after personal taxes is 1.84%. For valuation purposes, an appropriate market risk premium after personal taxes of 5.75% is assumed. Taking into account the direct typification of the tax burden, the effective personal taxes on the growth-related retention are deducted, so that the sustainable growth rate before personal taxes of 1.75% amounts to 1.52% in the after-tax consideration.

512. Based on the assumed market risk premium of 5.75% after personal taxes, an unlevered beta factor of 1.00 and a growth discount of 1.52%, the levered cost of equity after personal taxes is as follows:

| **Derivation of the levered cost of equity after pers. taxes** | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| Risk free rate (before personal taxes) | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| *Personal taxes (26.38%)* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* |
| **Risk free rate (after personal taxes)** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** |
| Market risk premium (after personal taxes) | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% |
| Levered beta factor | 1.24 | 1.23 | 1.23 | 1.20 | 1.21 | 1.22 | 1.22 | 1.22 |
| Levered cost of equity after personal taxes | 8.98% | 8.91% | 8.89% | 8.76% | 8.79% | 8.84% | 8.86% | 8.86% |
| Terminal growth rate (after personal taxes) | - | - | - | - | - | - | - | 1.52% |
| **Levered cost of equity (after personal taxes) after growth discount** | **8.98%** | **8.91%** | **8.89%** | **8.76%** | **8.79%** | **8.84%** | **8.86%** | **7.34%** |

513. The cost of equity after personal taxes is in a range of 8.8% to 9.0%. Taking into account a market risk premium of 5.75% after personal taxes and a sustainable growth rate of 1.52% after personal taxes, the dividend discount value as of December 31, 2023 is EUR 5,346.4 million:

| **Market value of equity after pers. taxes** | | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Financial surpluses to be discounted** | | **-** | **0.0** | **47.3** | **354.6** | **493.6** | **566.9** | **535.9** | **545.2** |
| Levered cost of equity after personal taxes | | 8.98% | 8.91% | 8.89% | 8.76% | 8.79% | 8.84% | 8.86% | 8.86% |
| Terminal growth rate (after personal taxes) | | - | - | - | - | - | - | - | 1.52% |
| Levered cost of equity (after personal taxes) after growth discount | | 8.98% | 8.91% | 8.89% | 8.76% | 8.79% | 8.84% | 8.86% | 7.34% |
| Present-value factor | | 0.9 | 0.8 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 7.5 |
| **Present-value of financial surplus after personal taxes** | | **-** | **0.0** | **36.6** | **252.3** | **322.8** | **340.6** | **295.8** | **4,098.3** |
| **Market value of equity as of December, 31 2023** | **5,346.4** | | | | | | | | |

### 4.6.1.2 Minorities

514. Due to the corporate structure of Vitesco, there are no minority interests as at the valuation date. Therefore, no reduction in the dividend discount value is necessary for Vitesco.

### 4.6.1.3 Special items

515. As part of the analyses and discussions with those responsible for planning, special items were identified that are taken into account in the valuation of Vitesco.

Special items for non-consolidated investments

516. The non-consolidated investments IAV GmbH Ingenieursgesellschaft Auto und Verkehr and Vitesco Technologies Taiwan Co. Ltd. in the total amount of EUR 23.1 million were recognized as special items. These were recognized at the higher of the carrying amount of the investment and the pro rata carrying amount of the equity value.

Special items for tax savings from tax loss carry forwards

517. In addition, the value contribution of the tax loss carry forwards is recognized as a special item. Based on the usability of the tax loss carry forwards in the respective companies or tax groups, a present value of the tax payment savings in the amount of EUR 31.9 million was calculated.

#### 4.6.1.4 Equity value after personal taxes

518. Using a market risk premium of 5.75%, an unlevered beta factor of 1.00, a sustainable growth rate of 1.52% and taking into account the corresponding dividend discount value in the amount of EUR 5,346.4 million and the special items in the amount of EUR 55.0 million the equity value of Vitesco after personal taxes totals EUR 5,401.4 million as of December 31, 2023 and EUR 5,549.7 million as of April 24, 2024. With around 40.0 million Vitesco shares outstanding, this corresponds to a value of EUR 138.67 per Vitesco share as of April 24, 2024.

519. The following shows the reconciliation of the dividend discount value to the equity value after personal taxes with a market risk premium of 5.75% after personal taxes, an unlevered beta factor of 1.00 and a sustainable growth rate of 1.52% after personal taxes.

| **Market value of equity after pers. taxes**<br>in EUR m | |
|---|---|
| **Market value of equity as of December, 31 2023** | **5,346.4** |
| **Special items** | **55.0** |
| Non-consolidated investments (book value) | 23.1 |
| Tax savings from tax loss carryforwards | 31.9 |
| **Market value of equity incl. Special items as of 31 December 2023** | **5,401.4** |
| Compound rate | 1.03 |
| **Market value of equity as of April, 24 2024** | **5,549.7** |
| Number of shares outstanding (in m) | 40.0 |
| **Value per share (in EUR)** | **138.67** |

### 4.6.2 Equity value before personal taxes according to DVFA

520. IDW S 1 and the DVFA recommendations differ in particular in the concept of the market participant as a standard for determining equity value. The market participant values the company on the basis of an assumed company policy planned for the future. In addition to planned investments in fixed and current assets, acquisitions and/or divestments, this also includes assumptions regarding the company's financing policy and capital structure. These assumptions must be consistent with regard to the market participant. In contrast, the objectified equity value in accordance with IDW S 1 is based on the capital structure planned by the company.

521. As Vitesco's business plan appears plausible against the background of the benchmarking with the peer group companies and the planned capital structure is in line with a standard market

capital structure, there are no differences from a stand-alone perspective with regard to the planning assumptions relevant to the valuation in accordance with IDW S 1 and the DVFA recommendations.[160] Accordingly, the determination of the equity value in accordance with IDW S 1 before personal taxes and the market value in accordance with the DVFA recommendations lead to the same result, apart from the different cost of capital parameters.[161]

#### 4.6.2.1 DCF value

522. Vitesco's cashflows to equity are derived below on the basis of the business plan. With a market risk premium of 7.0% before personal taxes, an unlevered beta factor of 1.0 and a sustainable growth rate of 1.75%, the following cashflows to equity result:

| Derivation of cashflows to equity | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **EBIT** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** | **1,037.7** | **1,045.4** | **1,063.7** |
| +/(-) Financial results | -30.8 | -40.7 | -41.1 | -32.5 | -28.9 | -18.7 | -19.0 | -19.3 |
| +/(-) Profit / Loss from extraordinary results | - | - | - | - | - | - | - | - |
| - taxes on income | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 | -270.1 | -272.0 | -276.8 |
| **Annual result** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** | **749.0** | **754.4** | **767.6** |
| + Depreciation | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 | 775.6 | 789.2 | 803.0 |
| - Gross investments (CAPEX) in fixed assets | -882.7 | -866.4 | -813.7 | -773.2 | -815.0 | -852.2 | -874.7 | -890.0 |
| -/(+) Change in Net Working Capital | 97.1 | -159.4 | -243.0 | -196.2 | -152.2 | -4.5 | -23.8 | -24.2 |
| +/(-) Change in Interest bearing liabilities | 49.6 | 97.4 | -103.6 | 24.0 | 80.2 | 41.9 | 29.4 | 29.9 |
| **Cashflows to equity (FTE)** | **0.0** | **-0.0** | **64.3** | **423.9** | **585.6** | **709.9** | **674.6** | **686.4** |

523. Based on the cashflows to equity, the DCF value is determined on the basis of levered cost of equity of 11.0% to 11.3% with a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 1.0.

524. Taking into account a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 1.0, the DCF value as of December 31, 2023 is EUR 4,896.6 million.

| Derivation of DCF value before pers. taxes | | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Cashflows to equity (FTE)** | | **0.0** | **-0.0** | **64.3** | **423.9** | **585.6** | **709.9** | **674.6** | **686.4** |
| *Risk free rate* | | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* |
| *Market risk premium* | | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* |
| Levered beta factor | | 1.26 | 1.24 | 1.24 | 1.21 | 1.21 | 1.22 | 1.22 | 1.22 |
| *Levered cost of equity* | | *11.34%* | *11.21%* | *11.15%* | *10.97%* | *10.99%* | *11.03%* | *11.06%* | *11.06%* |
| *Terminal Value Growth Rate* | | - | - | - | - | - | - | - | *1.75%* |
| *Levered cost of equity after growth deduction* | | *11.34%* | *11.21%* | *11.15%* | *10.97%* | *10.99%* | *11.03%* | *11.06%* | *9.31%* |
| Discount factor | | 0.9 | 0.8 | 0.7 | 0.7 | 0.6 | 0.5 | 0.5 | 5.1 |
| **Present Value of cashflows to equity** | | **0.0** | **-0.0** | **46.7** | **277.5** | **345.4** | **377.2** | **322.7** | **3,527.1** |
| **DCF value as of December 31, 2023** | **4,896.6** | | | | | | | | |

160 For an assessment of the synergies, see chapter 2.8 and chapter 6.

161 In addition to the DCF valuation using the flow-to-equity method, appendix 5 also shows the DCF valuation using the WACC method, which leads to the same result.

#### 4.6.2.2 Minorities

525. Due to the corporate structure of Vitesco, there are no minority interests as at the valuation date. Therefore, no reduction in the DCF value is necessary due to minority interests at Vitesco.

#### 4.6.2.3 Special items

526. As part of the analyses and discussions with those responsible for planning, special items were identified that are taken into account in the valuation of Vitesco.

**Special items for non-consolidated investments**

527. The non-consolidated investments IAV GmbH Ingenieursgesellschaft Auto und Verkehr and Vitesco Technologies Taiwan Co. Ltd. in the total amount of EUR 23.1 million were recognized as special items. These were recognized at the higher of the carrying amount of the investment and the pro rata carrying amount of the equity value.

**Special items for tax savings from tax loss carry forwards**

528. In addition, the value contribution of the tax loss carry forwards is recognized as a Special item. Based on the usability of the tax loss carry forwards in the respective companies or tax groups, a present value of the tax payment savings in the amount of EUR 31.9 million was calculated.

**Present value of negative cash flows**

529. The present value of negative cash flows in the amount of EUR -8.6 million was recognized as a further special item. As expenses are more predictable than income, expenses and negative cash flows have a different risk profile compared to income. Therefore, negative cash flows are alternatively discounted using the risk free rate. The special item is the present value effect from discounting the negative free cash flows at the risk free rate instead of the cost of equity.

#### 4.6.2.4 Equity value before personal taxes

530. Using a market risk premium of 7.0%, an unlevered beta factor of 1.00, a sustainable growth rate of 1.75% and taking into account the corresponding DCF value of around EUR 4,896.6 million and the special items of EUR 46.5 million the equity value of Vitesco before personal taxes amounts to EUR 4,943.1 million as of December 31, 2023 and EUR 5,113.3 million as of April 24, 2024. With around 40.0 million Vitesco shares outstanding, this corresponds to a value of EUR 127.76 per Vitesco share as of April 24, 2024.

531. The reconciliation of the DCF value to the equity value before personal taxes with a market risk premium of 7.0% before personal taxes, an unlevered beta factor of 1.00 and a sustainable growth rate of 1.75% before personal taxes is shown below:

| **Derivation of DCF value before pers. taxes** | |
|---|---|
| in EUR m | |
| **DCF value as of December 31, 2023** | **4,896.6** |
| **Special items** | **46.5** |
| Non-consolidated investments (book value) | 23.1 |
| Tax savings from tax loss carryforwards | 31.9 |
| Present value of negative cash flows | -8.6 |
| **DCF value incl. special items as of December 31, 2023** | **4,943.1** |
| Compound rate | 1.03 |
| **DCF value as of April 24, 2024** | **5,113.3** |
| Number of shares outstanding (in m) | 40.0 |
| **Value per share (in EUR)** | **127.76** |

### 4.6.2.5 Sensitivity analysis

532. In addition to the valuation using a beta factor of 1.00, a sensitivity analysis using a beta factor of 1.05 is carried out. This results in a risk premium for the operating risk of 7.35% (compared to 7.00% previously). In order to present the sensitivity in relation to the beta factor of 1.05, it is considered appropriate to increase the growth discount to 2.25% in order to reflect dependencies in the form of a higher operating risk in the financial surpluses.

533. In the sensitivity analysis, the derivation of the financial surpluses according to the DVFA recommendations (before personal taxes) with a beta factor of 1.05 and a growth discount of 2.25% is as follows:

| **Derivation of DCF value before pers. taxes** | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **EBIT** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** | **1,061.9** | **1,075.2** | **1,099.4** |
| +/(-) Financial results | -30.8 | -40.7 | -41.1 | -32.5 | -28.9 | -18.7 | -19.1 | -19.5 |
| +/(-) Profit / Loss from extraordinary results | - | - | - | - | - | - | - | - |
| - taxes on income | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 | -276.5 | -279.9 | -286.2 |
| **Annual result** | **228.0** | **341.8** | **590.6** | **674.0** | **746.8** | **766.8** | **776.3** | **793.7** |
| + Depreciation | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 | 755.8 | 772.8 | 790.2 |
| - Gross investments (CAPEX) in fixed assets | -882.7 | -866.4 | -813.7 | -773.2 | -815.0 | -854.2 | -883.2 | -903.1 |
| -/(+) Change in Net Working Capital | 97.1 | -159.4 | -243.0 | -196.2 | -152.2 | -4.8 | -30.5 | -31.2 |
| +/(-) Change in Interest bearing liabilities | 49.6 | 97.4 | -103.6 | 24.0 | 80.2 | 41.9 | 37.8 | 38.6 |
| **Cashflows to equity (FTE)** | **0.0** | **-0.0** | **64.3** | **423.9** | **585.6** | **705.5** | **673.1** | **688.3** |

534. In the sensitivity analysis, the levered cost of equity before personal taxes with a beta factor of 1.05 and a growth discount of 2.25% are approximately 11.4% to 11.8% (rounded).

535. Accordingly, the sensitivity analysis results in a DCF value as of December 31, 2023 of EUR 4,805.5 million:

| **Derivation of DCF value before pers. taxes** | | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Cashflows to equity (FTE)** | | **0.0** | **-0.0** | **64.3** | **423.9** | **585.6** | **705.5** | **673.1** | **688.3** |
| *Risk free rate* | | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* |
| *Market risk premium* | | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* |
| Levered beta factor | | 1.33 | 1.31 | 1.30 | 1.27 | 1.27 | 1.28 | 1.28 | 1.28 |
| *Levered cost of equity* | | *11.84%* | *11.69%* | *11.62%* | *11.41%* | *11.42%* | *11.46%* | *11.48%* | *11.48%* |
| *Terminal Value Growth Rate* | | - | - | - | - | - | - | - | *2.25%* |
| *Levered cost of equity after growth deduction* | | *11.84%* | *11.69%* | *11.62%* | *11.41%* | *11.42%* | *11.46%* | *11.48%* | *9.23%* |
| Discount factor | | 0.9 | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 5.0 |
| **Present Value of cashflows to equity** | | **0.0** | **-0.0** | **46.1** | **272.9** | **338.3** | **365.7** | **313.0** | **3,469.4** |
| **DCF value as of December 31, 2023** | **4,805.5** | | | | | | | | |

536. Special items are considered in the sensitivity analysis in the same way as before and are included in the valuation at EUR 45.3 million.

537. In the sensitivity analysis, the equity value before personal taxes using a beta factor of 1.05 and a growth discount of 2.25% and taking into account the corresponding DCF value of EUR 4,805.5 million and the special items of EUR 45.3 million amounts to a total of EUR 4,850.8 million as of December 31, 2023 and EUR 5,024.9 million as of April 24, 2024. With around 40.0 million Vitesco shares outstanding, this corresponds to a value of EUR 125.56 per Vitesco share as of April 24, 2024.

538. The reconciliation of the DCF value to the equity value before personal taxes with a beta factor of 1.05 and a growth discount of 2.25% is shown below in the sensitivity analysis:

| **Derivation of DCF value before pers. taxes** | |
|---|---|
| in EUR m | |
| **DCF value as of December 31, 2023** | **4,805.5** |
| **Special items** | **45.3** |
| Non-consolidated investments (book value) | 23.1 |
| Tax savings from tax loss carryforwards | 31.1 |
| Present value of negative cash flows | -8.9 |
| **DCF value incl. special items as of December 31, 2023** | **4,850.8** |
| Compound rate | 1.04 |
| **DCF value as of April 24, 2024** | **5,024.9** |
| Number of shares outstanding (in m) | 40.0 |
| **Value per share (in EUR)** | **125.56** |

539. For reasons of transparency, further sensitivities with a beta factor of 1.00 or 1.05 and a growth discount of between 1.75% and 2.25% are shown in the following presentation.

**Sensitivity calculation of the value per share of Vitesco**
in EUR

| | | Terminal Value Growth Rate | | |
|---|---|---|---|---|
| | | 1.75% | 2.00% | 2.25% |
| **Beta** | 1.00 | 127.76 | 131.23 | 134.93 |
| | 1.05 | 119.22 | 122.29 | 125.56 |

### 4.6.3 Market oriented valuation using the multiple method

540. In addition to deriving the equity value on the basis of the dividend discount method after personal taxes in accordance with IDW S 1, which is customary in the context of stock corporation and transformation acts, and the DCF method before personal taxes in accordance with the DVFA recommendations, value ranges based on the multiple method are determined for further plausibility checks. The multiple method represents a comparative market oriented valuation. According to this method, the value of the company is calculated as the product of a reference value (often revenue or earnings) of the company and the corresponding multiple, which is regularly derived from listed peer group companies (trading multiples) and comparable transactions (transaction multiples).

#### 4.6.3.1 Valuation based on comparable listed companies

541. The valuation of Vitesco is initially based on the stock prices observable for comparable companies on the capital market and the multiples derived from them. In contrast to the derivation of the beta factor on the basis of a peer group, in a comparative market oriented valuation based on trading multiples, it is not the length of the historical stock market listing that is decisive, but rather the quality of the forward-looking analyst estimates of the reference figures. Therefore, all companies identified in the peer group selection can initially be included in the valuation. The following analyses are based on multiples for the future financial years 2025 to 2026. 2024 was explicitly not taken into account, as this is a transition year for Vitesco towards more sustainable profitability.

542. In the IDW S 1 concept, the comparative valuation using multiples serves to check the plausibility of the dividend discount value. In this respect, the derived multiples are not to be regarded as an independent valuation.

543. In order to derive multiples for Vitesco, the business plan of the valuation object is first compared with the analyst estimates for the peer group companies. Revenue, EBITDA, EBIT and operating free cash flow[162] ("OpFCF") were selected as suitable reference figures in order to

[162] The reference figure for the OpFCF multiples is determined by subtracting capital expenditure (CAPEX) from EBITDA. The EBITDA, EBIT and OpFCF reference figures were adjusted for planned special effects in order to enable a comparison with the peer group.

ensure the broadest possible basis for the valuation of the multiples. However, the informative value of EBITDA multiples tends to be limited due to the capital-intensive business model.

544. In order to derive appropriate revenue, EBITDA, EBIT and OpFCF multiples for the valuation object from the peer group, the growth and profitability factors that significantly influence the value are also taken into account. Irrespective of any market imperfections and price distortions, there is generally a correlation between the multiple and growth and profitability, as the expectations regarding growth and margin development are implicitly included in the multiples.[163]

545. Given the different proportion of capitalized R&D expenses at Vitesco compared to the peer group companies, the reference figures EBITDA, EBIT and OpFCF of the peer group companies were adjusted to Vitesco's R&D expenses for the purposes of the multiple valuation in order to reflect a comparable level of R&D expenses recognized as expenses between Vitesco and the peer group.

546. In principle, the range of EBITDA, EBIT and OpFCF multiples was determined on the one hand by the entire peer group and on the other hand by the companies within the peer group that are most comparable with Vitesco (so-called "best comparables"). Vitesco's best comparables were identified on the basis of quantitative and qualitative criteria as part of a scoring model and on the basis of the future growth and margin profile and include the peer companies Valeo SE, Dana Incorporated, Magna International Inc. and Aisin Corporation.

547. The capital market data on which the valuation using the multiple method is based was taken into account as at February 23, 2024.[164]

---

163 On the relationship between multiple, profitability and growth, see Koller/Goedhart/Wessels, 2010, p. 315-317; Viebig/Poddig/Varmaz 2008, p. 363 f.

164 These are analysts' consensus estimates obtained from the data provider S&P Capital IQ. Capital market data is always retrieved on Fridays in accordance with the valuation expert's procedure. February 23, 2024 is the next practicable cut-off date prior to invitations to Annual General Meetings.

### Revenue multiples

548. In contrast to the procedure for the EBITDA, EBIT and OpFCF multiples, the revenue multiples applied were determined using regression analyses against the future EBIT margins on the one hand and against the future OpFCF margins of the peer group companies on the other, as these have a high explanatory power. The growth and margin profile of the peer group companies is shown below:

| | Revenue Growth | | | EBIT Margin | | | Revenue Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Valeo SE | 4.5% | 7.6% | 13.5% | 6.5% | 7.3% | n/a | 0.4x | 0.4x | 0.4x |
| Dana Incorporated | 3.5% | 5.1% | 4.5% | 6.3% | 6.8% | 6.4% | 0.5x | 0.5x | 0.5x |
| BorgWarner Inc. | 4.1% | 6.6% | 5.9% | 11.6% | 11.4% | 11.1% | 0.8x | 0.7x | 0.7x |
| Aisin Corporation | 3.3% | 4.6% | 2.5% | 7.2% | 7.0% | 6.9% | 0.5x | 0.5x | 0.5x |
| Magna International Inc. | 4.5% | 4.5% | 5.0% | 7.9% | 8.3% | 8.3% | 0.5x | 0.5x | 0.5x |
| Dowlais Group plc | 1.7% | 4.0% | -0.2% | 9.7% | 10.0% | 11.3% | 0.6x | 0.5x | 0.5x |
| DENSO Corporation | 5.2% | 4.8% | 2.2% | 12.0% | 11.9% | 11.7% | 1.3x | 1.2x | 1.2x |
| Garrett Motion Inc. | -1.5% | 11.9% | n/a | 15.3% | 16.4% | n/a | 1.0x | 0.9x | n/a |
| Vitesco | -4.5% | 11.9% | 13.8% | 4.5% | 5.7% | 7.8% | | | |
| Min | -1.5% | 4.0% | -0.2% | 6.3% | 6.8% | 6.4% | 0.4x | 0.4x | 0.4x |
| 25% Percentile | 2.9% | 4.6% | 2.3% | 7.0% | 7.3% | 7.3% | 0.5x | 0.5x | 0.5x |
| Min Best Comps | 3.3% | 4.5% | 2.5% | 6.3% | 6.8% | 6.4% | 0.4x | 0.4x | 0.4x |
| Average | 3.2% | 6.2% | 4.8% | 9.5% | 9.9% | 9.3% | 0.7x | 0.7x | 0.6x |
| Median | 3.8% | 5.0% | 4.5% | 8.8% | 9.1% | 9.7% | 0.6x | 0.5x | 0.5x |
| Average Best Comps | 4.0% | 5.5% | 6.4% | 7.0% | 7.3% | 7.2% | 0.5x | 0.5x | 0.5x |
| Max Best Comps | 4.5% | 7.6% | 13.5% | 7.9% | 8.3% | 8.3% | 0.5x | 0.5x | 0.5x |
| 75% Percentile | 4.5% | 6.8% | 5.4% | 11.7% | 11.6% | 11.2% | 0.8x | 0.8x | 0.6x |
| Max | 5.2% | 11.9% | 13.5% | 15.3% | 16.4% | 11.7% | 1.3x | 1.2x | 1.2x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

549. The regression analysis shows that there is a positive correlation between the revenue multiple and the expected EBIT and OpFCF margins for the peer group. Based on Vitesco's average EBIT margin in the period from 2025 to 2026, the regression analyses result in a revenue multiple of 0.5x for the year 2025. Based on Vitesco's average OpFCF margin in the period from 2025 to 2026, the regression analyses result in a revenue multiple for 2025 of 0.5x.

### EBITDA multiples

550. EBITDA growth expectations and the EBITDA margin have a high explanatory power for the EBITDA multiples. The selection of suitable multiples was therefore based in particular on the future growth and margin profile of the peer group companies:

| | EBITDA Growth | | | EBITDA Margin | | | EBITDA Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Valeo SE | 9.2% | 11.1% | 12.8% | 14.2% | 14.7% | 14.6% | 3.2x | 2.9x | 2.5x |
| Dana Incorporated | 14.9% | 1.8% | 3.5% | 10.1% | 9.8% | 9.7% | 4.9x | 4.8x | 4.7x |
| BorgWarner Inc. | 6.2% | 2.7% | 2.6% | 15.0% | 14.4% | 14.0% | 5.1x | 5.0x | 4.8x |
| Aisin Corporation | 10.6% | -0.3% | 0.3% | 11.8% | 11.2% | 11.0% | 4.6x | 4.6x | 4.6x |
| Magna International Inc. | 7.4% | 5.4% | 5.3% | 10.9% | 11.0% | 11.1% | 4.9x | 4.6x | 4.4x |
| Dowlais Group plc | 6.4% | 2.7% | 16.2% | 14.3% | 14.1% | 16.4% | 3.9x | 3.8x | 3.3x |
| DENSO Corporation | 18.8% | 2.1% | 4.2% | 16.3% | 15.9% | 16.2% | 7.8x | 7.7x | 7.4x |
| Garrett Motion Inc. | 3.8% | 13.0% | n/a | 18.2% | 18.3% | n/a | 5.7x | 5.0x | n/a |
| Vitesco | 7.8% | 26.9% | 30.7% | 10.3% | 11.7% | 13.4% | | | |
| Min | 3.8% | -0.3% | 0.3% | 10.1% | 9.8% | 9.7% | 3.2x | 2.9x | 2.5x |
| 25% Percentile | 6.3% | 2.0% | 3.0% | 11.6% | 11.2% | 11.0% | 4.5x | 4.4x | 3.8x |
| Min Best Comps | 7.4% | -0.3% | 0.3% | 10.1% | 9.8% | 9.7% | 3.2x | 2.9x | 2.5x |
| Average | 9.7% | 4.8% | 6.4% | 13.8% | 13.7% | 13.3% | 5.0x | 4.8x | 4.5x |
| Median | 8.3% | 2.7% | 4.2% | 14.2% | 14.3% | 14.0% | 4.9x | 4.7x | 4.6x |
| Average Best Comps | 10.5% | 2.5% | 2.8% | 11.4% | 11.1% | 11.0% | 4.4x | 4.2x | 4.0x |
| Max Best Comps | 14.9% | 11.1% | 12.8% | 14.2% | 14.7% | 14.6% | 4.9x | 4.8x | 4.7x |
| 75% Percentile | 11.7% | 6.8% | 9.0% | 15.3% | 15.0% | 15.4% | 5.3x | 5.0x | 4.8x |
| Max | 18.8% | 13.0% | 16.2% | 18.2% | 18.3% | 16.4% | 7.8x | 7.7x | 7.4x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

551. The range of EBITDA multiples was determined in the 2025 and 2026 analysis period on the basis of the best comparables and Vitesco's entire peer group with regard to the growth and margin profile of the respective year. Compared to the best comparables, Vitesco's expected EBITDA growth in the analysis period of 2025 and 2026 is above the average best comparables range overall. EBITDA growth in 2025 and 2026 is also above the EBITDA growth of the entire peer group. The planned EBITDA margin, on the other hand, is close to the average best comparables range and the average peer group range over the observation period. Taking into account the peer group average and the best comparables average, this results in a range of EBITDA multiples of 4.2x to 4.8x for 2025 and 4.0x to 4.5x for 2026.

### EBIT multiple

552. Both the EBIT growth profile and the EBIT margin are also key drivers for EBIT multiples. Accordingly, the selection of suitable EBIT multiples was based in particular on the future growth and margin profile of the peer group companies:

| | EBIT Growth | | | EBIT Margin | | | EBIT Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Valeo SE | 18.9% | 21.2% | n/a | 6.5% | 7.3% | n/a | 6.9x | 5.7x | n/a |
| Dana Incorporated | 18.3% | 13.3% | -1.4% | 6.3% | 6.8% | 6.4% | 7.9x | 6.9x | 7.0x |
| BorgWarner Inc. | 10.2% | 5.4% | 2.4% | 11.6% | 11.4% | 11.1% | 6.6x | 6.3x | 6.1x |
| Aisin Corporation | 24.1% | 1.7% | 2.0% | 7.2% | 7.0% | 6.9% | 7.6x | 7.5x | 7.3x |
| Magna International Inc. | 19.3% | 9.2% | 5.6% | 7.9% | 8.3% | 8.3% | 6.7x | 6.2x | 5.8x |
| Dowlais Group plc | 12.4% | 7.9% | 12.2% | 9.7% | 10.0% | 11.3% | 5.8x | 5.4x | 4.8x |
| DENSO Corporation | 27.5% | 4.4% | 0.1% | 12.0% | 11.9% | 11.7% | 10.6x | 10.2x | 10.2x |
| Garrett Motion Inc. | -1.5% | 20.4% | n/a | 15.3% | 16.4% | n/a | 6.8x | 5.6x | n/a |
| Vitesco | 17.2% | 41.4% | 54.2% | 4.5% | 5.7% | 7.8% | | | |
| Min | -1.5% | 1.7% | -1.4% | 6.3% | 6.8% | 6.4% | 5.8x | 5.4x | 4.8x |
| 25% Percentile | 11.9% | 5.1% | 0.5% | 7.0% | 7.3% | 7.3% | 6.7x | 5.7x | 5.9x |
| Min Best Comps | 18.3% | 1.7% | -1.4% | 6.3% | 6.8% | 6.4% | 6.7x | 5.7x | 5.8x |
| Average | 16.1% | 10.4% | 3.5% | 9.5% | 9.9% | 9.3% | 7.4x | 6.7x | 6.9x |
| Median | 18.6% | 8.6% | 2.2% | 8.8% | 9.1% | 9.7% | 6.8x | 6.2x | 6.6x |
| Average Best Comps | 20.1% | 11.3% | 2.1% | 7.0% | 7.3% | 7.2% | 7.3x | 6.6x | 6.7x |
| Max Best Comps | 24.1% | 21.2% | 5.6% | 7.9% | 8.3% | 8.3% | 7.9x | 7.5x | 7.3x |
| 75% Percentile | 20.5% | 15.1% | 4.8% | 11.7% | 11.6% | 11.2% | 7.7x | 7.1x | 7.2x |
| Max | 27.5% | 21.2% | 12.2% | 15.3% | 16.4% | 11.7% | 10.6x | 10.2x | 10.2x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

As with the EBITDA multiples, the range of the EBIT multiples was determined on the basis of the best comparables and Vitesco's entire peer group with regard to the growth and margin profile of the respective year. The planned EBIT margin is close to the average best comparables and the average peer group range overall over the observation period. Based on this approach and taking into account the peer group average and the best comparables average, the EBIT multiples range from 6.6x to 6.7x for 2025 and from 6.7x to 6.9x for 2026.

## OpFCF multiples

553. The key drivers for OpFCF multiples are also the OpFCF growth profile on the one hand and the OpFCF margin on the other. Accordingly, the selection of suitable OpFCF multiples was based in particular on the future growth and margin profile of the peer group companies, analogous to the procedure for EBITDA and EBIT multiples:

| | OpFCF Growth | | | OpFCF Margin | | | OpFCF Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Valeo SE | 26.7% | 15.6% | 29.1% | 5.7% | 6.2% | 7.0% | 7.8x | 6.8x | 5.2x |
| Dana Incorporated | 39.6% | -4.3% | 5.0% | 5.9% | 5.3% | 5.4% | 8.4x | 8.8x | 8.4x |
| BorgWarner Inc. | 11.0% | 4.1% | 1.6% | 9.4% | 9.2% | 8.8% | 8.1x | 7.8x | 7.7x |
| Aisin Corporation | 10.7% | -3.4% | 1.6% | 6.7% | 6.2% | 6.2% | 8.1x | 8.4x | 8.2x |
| Magna International Inc. | 16.2% | 21.2% | 15.9% | 5.3% | 6.2% | 6.8% | 10.0x | 8.2x | 7.1x |
| Dowlais Group plc | 17.5% | 6.9% | 37.3% | 8.5% | 8.7% | 12.0% | 6.7x | 6.2x | 4.5x |
| DENSO Corporation | 28.7% | 2.6% | 6.0% | 11.2% | 11.0% | 11.4% | 11.4x | 11.1x | 10.5x |
| Garrett Motion Inc. | 4.0% | 14.0% | n/a | 15.9% | 16.2% | n/a | 6.5x | 5.7x | n/a |
| Vitesco | -53.1% | 88.5% | 88.3% | 2.8% | 4.7% | 7.8% | | | |
| Min | 4.0% | -4.3% | 1.6% | 5.3% | 5.3% | 5.4% | 6.5x | 5.7x | 4.5x |
| 25% Percentile | 10.9% | 1.1% | 3.3% | 5.8% | 6.2% | 6.5% | 7.5x | 6.6x | 6.2x |
| Min Best Comps | 10.7% | -4.3% | 1.6% | 5.3% | 5.3% | 5.4% | 7.8x | 6.8x | 5.2x |
| Average | 19.3% | 7.1% | 13.8% | 8.6% | 8.6% | 8.2% | 8.4x | 7.9x | 7.4x |
| Median | 16.8% | 5.5% | 6.0% | 7.6% | 7.5% | 7.0% | 8.1x | 8.0x | 7.7x |
| Average Best Comps | 23.3% | 7.3% | 12.9% | 5.9% | 6.0% | 6.3% | 8.6x | 8.0x | 7.2x |
| Max Best Comps | 39.6% | 21.2% | 29.1% | 6.7% | 6.2% | 7.0% | 10.0x | 8.8x | 8.4x |
| 75% Percentile | 27.2% | 14.4% | 22.5% | 9.9% | 9.6% | 10.1% | 8.8x | 8.5x | 8.3x |
| Max | 39.6% | 21.2% | 37.3% | 15.9% | 16.2% | 12.0% | 11.4x | 11.1x | 10.5x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

554. When analysing the growth and margin profile with regard to OpFCF, the picture is similar to that of the EBITDA and EBIT profiles of the peer group companies. As with the EBITDA and EBIT multiples, the range of OpFCF multiples was determined on the basis of the best comparables and the entire Vitesco peer group with regard to the growth and margin profile of the respective year. Overall, the planned OpFCF margin is relatively close to the average best comparables and the average peer group range over the observation period. Based on this approach and taking into account the peer group average and the best comparables average, the OpFCF multiples range from 7.9x to 8.0x for the year 2025 and from 7.2x to 7.4x for the year 2026.

### Equity value based on trading multiples

555. The value ranges of the total enterprise value shown in the following diagram are based on the selected multiples. In a next step, the range of the total enterprise value shown is formed from the average of these multiple-specific values.[165]

| Trading multiples | Selected multiple range | | Vitesco metric | Value range | |
|---|---|---|---|---|---|
| | Average | Best Comps | | Min | Max |
| Revenue multiple 2025 Regression | 0.5x | 0.5x | 9,869.4 | 4,742.1 | 5,171.5 |
| EBITDA multiple 2025 | 4.8x | 4.2x | 1,174.9 | 4,967.6 | 5,644.6 |
| EBITDA multiple 2026 | 4.5x | 4.0x | 1,505.4 | 6,091.1 | 6,816.2 |
| EBIT multiple 2025 | 6.7x | 6.6x | 588.4 | 3,861.5 | 3,953.7 |
| EBIT multiple 2026 | 6.9x | 6.7x | 871.4 | 5,864.1 | 6,001.8 |
| OpFCF multiple 2025 | 7.9x | 8.0x | 485.8 | 3,825.1 | 3,907.2 |
| OpFCF multiple 2026 | 7.4x | 7.2x | 870.8 | 6,305.7 | 6,425.4 |
| **Enterprise value (Ø)** | | | | **5,093.9** | **5,417.2** |
| - Interest bearing liabilities | | | | -1,488.6 | -1,488.6 |
| + Non-consolidated investments (book value) | | | | 23.1 | 23.1 |
| + Tax savings from tax loss carryforwards | | | | 31.9 | 31.9 |
| - Present value of negative cash flows | | | | -8.6 | -8.6 |
| **Equity value (Ø)** | | | | **3,651.7** | **3,975.1** |
| + Control premium (10%) | | | | 365.2 | 397.5 |
| **Equity value after adjustments (Ø)** | | | | **4,016.9** | **4,372.6** |
| Shares outstanding | | | | 40.0 | 40.0 |
| **Value per share** | | | | **100.37** | **109.26** |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

556. Interest bearing liabilities in the amount of EUR 1,488.6 million must be taken into account when reconciling the total enterprise value to the equity value. Special items that are not included in the business plan and therefore not in the reference figure must also be taken into account in the multiple valuation as at the valuation date. Similar to the calculation of the equity value using the dividend discount method or DCF method, special items for non-consolidated investments in the amount of EUR 23.1 million, the present value of tax savings from tax loss carry forwards in the amount of EUR 31.9 million and the present value of negative cash flows in the amount of EUR -8.6 million are recognized.

557. In the valuation using the multiple method, premiums (e.g. takeover premiums) and discounts (e.g. liquidity discount) on the range of equity values determined using trading multiples are taken into account according to common valuation practice. Empirical observations indicate that the premiums are generally higher than any discounts.

[165] The EBITDA, EBIT and OpFCF reference figures were adjusted for planned special effects.

558. A takeover premium was also taken into consideration. Conceptually, this is based on the assumption that trading multiples merely reflect the prices of minority interests and that control of a company has a value, as this can change a suboptimal business policy and leverage synergies with the acquirer. Conceptually, the takeover premium must be subdivided into the so-called financial control value and the so-called strategic control value,[166] whereby the latter reflects rationalization and synergy effects. Accordingly, when considering trading multiples, the derived equity values must be adjusted by a financial control premium. The study by Grbenic/Zunk (2015), for example, elaborates on this and explains that financial control premiums are also dependent on the multiple used.

559. When applying EBITDA multiples, the financial control premium determined in the study ranges from around 5.0% to 10.0%. On this basis, a financial control premium of 10.0% was assumed.

560. Based on the reference figures of revenue, EBITDA, EBIT and OpFCF in the observation period from 2025 to 2026, the range of the equity values after reducing the total enterprise value by interest-bearing debt/EBITDA and adding the special items is between EUR 3,651.7 million and EUR 3,975.1 million. After applying the financial control premium of 10%, the range of Vitesco's equity value based on the multiple method is between EUR 4,016.9 million and EUR 4,372.6 million.

561. With around 40.0 million shares outstanding, the value per Vitesco share derived from trading multiples ranges from EUR 100.37 to EUR 109.26.

#### 4.6.3.2 Valuation based on comparable transactions

562. In addition to the valuation using trading multiples, transaction multiples are also used. The equity value is determined using observable transactions of peer group companies, which do not necessarily have to be listed on the stock exchange. To derive these multiples, the purchase price paid by the peer companies is set in relation to a reference value. The difference between transaction multiples and trading multiples is that they are regularly observable for share packages and majority acquisitions.

563. In the case of multiples derived on the basis of transaction prices, it should be noted that the purchase prices actually paid are influenced by the subjective interests of the transaction partners. For example, the transaction prices take into account synergy effects and other subjective expectations that can only be realized as a result of the intended transaction. There are also interdependencies between the prices paid and the terms of the purchase agreement (e.g. guarantees, etc.). For example, purchase prices paid for majority shares may include premiums. In this context, so-called takeover premiums are regularly referred to, which take these effects into account. In contrast, trading multiples do not include such premiums if there are no prior takeover rumours. The effects mentioned are often observable in practice, but cannot usually

166 See Grbenic/Zunk, The Value of Control: Transaction-oriented control premiums for Europe, 2015, p. 16 ff; Eichner, Übernahmeprämien bei M&A, 2017, p. 191.

be quantified or separated individually. In some cases, negative premiums or discounts can also be observed.

564. It should be noted that the value concept in accordance with IDW S 1 does not take into account individual synergies that only arise as a result of the intended transaction (so-called real synergies). The transaction multiples are therefore only of minor importance.

565. In addition, the time reference of the transaction to the valuation date must be taken into account for transaction multiples. Transaction prices with a long time lag to the valuation date are only transferable to a limited extent, as they can be subject to major (market) fluctuations.[167] In this respect, the informative value of this approach – especially compared to multiples derived from stock prices – is limited for the valuation of a company. In addition, as with trading multiples, there is the possibility of market distortions, which can lead to transaction prices that are not meaningful, so that the criterion of the time reference to the valuation date may have to be weakened in favour of avoiding the extrapolation of temporary distortions.

566. In addition to these restrictions, the database of comparable transactions is also regularly limited, as it is based on publicly available information for which, unlike stock exchange information, there are no comparable publication obligations.

567. From M&A transactions of comparable companies, those were selected for which the relevant information and key figures are publicly available.[168] The analysis period covers the years from 2018 to the valuation date. The selection of comparable companies was carried out in the same way as the peer group selection[169] and transactions from the automotive supply industry with a focus on e-mobility and the electrification of the powertrain or electronic control units were identified. Only majority transactions were included. In a further step, transactions with an implied total enterprise value of more than EUR 50 m and where the target company is headquartered in a developed country with a strong automotive market (USA, Europe, South Korea and Japan) were selected. In order to properly reflect the current market environment, transactions carried out before 2018 were not included in the multiple analysis.

568. A conclusive, well-founded assessment of the respective transactions is generally not possible on the basis of publicly available information alone. As a result, the selected transactions may not be comparable or may only be comparable to a very limited extent. In particular, premiums or discounts paid may be directly related to guarantees granted or other obligations under the purchase agreement. Despite these limitations, the following 12 transactions were identified and multiples were derived from them depending on the availability of data.

---

[167] Cf. Ballwieser/Hachmeister, 2013, p. 218, in addition to their criticism of trading multiples.

[168] Access to information and key figures via the S&P Global Market Intelligence database. In particular, the implied total capital values and respective reference figures are obtained from this database and the corresponding multiples are then calculated on this basis. In addition, other comparable transactions are also relevant, although these were not stored in the S&P Global Market Intelligence database, but were available on the basis of analyst reports and were also included in the analysis.

[169] Cf. chapter 4.1.7.

| Transaction Details | | | | | | | | | | Transaction Multiples | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Buyer | Target | Country | Closing | Currency | Revenue | EBITDA | EBIT | Enterprise Value (EV) | Acquired share | EV / Revenue | EV / EBITDA | EV / EBIT |
| *in EUR m* | | | | | | | | | | | | |
| Apollo Global Management, Inc. | Tenneco Inc. | USA | 17.11.2022 | EUR | 15,942.9 | 1,165.1 | 520.7 | 5,929.7 | 100.0% | 0.3x | 4.1x | 9.3x |
| Valeo SE | Valeo Siemens eAutomotive Germany GmbH | Germany | 04.07.2022 | EUR | n/a | n/a | n/a | 554.0 | 50.0% | 0.8x | n/a | n/a |
| Linamar Corporation | Gf Linamar LLC | USA | 01.04.2022 | EUR | 108.0 | n/a | n/a | 153.0 | 50.0% | 1.5x | n/a | n/a |
| Faurecia S.E. (Forvia SE) | HELLA GmbH & Co. KGaA | Germany | 31.01.2022 | EUR | 6,379.7 | 691.3 | 340.3 | 6,439.6 | 60.0% | 1.2x | 11.0x | 22.4x |
| Mando Corporation | Mando-Hella Electronics Corp. (HL Klemove Corp.) | South Korea | 02.03.2021 | EUR | 511.8 | 41.0 | 15.3 | 244.4 | 100.0% | 0.5x | 6.3x | 16.8x |
| Honda Motor Co., Ltd. | Keihin Corporation | Japan | 15.10.2020 | EUR | 2,069.6 | 122.2 | (32.1) | 1,749.8 | 52.2% | 0.5x | 8.1x | n/m |
| BorgWarner Inc. | Delphi Technologies PLC | United Kingdom | 01.10.2020 | EUR | 3,846.7 | 438.1 | 203.7 | 3,089.6 | 100.0% | 0.6x | 5.0x | 10.7x |
| Interpump Group S.p.A. | TRANSTECNO S.R.L. | Italy | 14.01.2020 | EUR | 45.0 | 8.7 | n/a | 60.2 | 60.0% | 1.4x | 7.3x | n/a |
| Marelli Holdings Co., Ltd. | Magneti Marelli S.p.A. (MARELLI Europe S.p.A.) | Italy | 02.05.2019 | EUR | n/a | n/a | n/a | 5,800.0 | 100.0% | 0.8x | n/a | n/a |
| Hanon System EFP Corporation | Magna Powertrain Campiglione S.r.l. | Italy | 29.03.2019 | EUR | 194.6 | n/a | n/a | 85.4 | 100.0% | 0.5x | n/a | n/a |
| Tenneco Inc. | Federal-Mogul LLC | USA | 01.10.2018 | EUR | 6,490.4 | 609.1 | 282.2 | 4,379.4 | 100.0% | 0.7x | 7.5x | 16.3x |
| Pacific Industrial Co., Ltd. | Valves Business of Sensata Technologies Holding PLC | United Kingdom | 31.08.2018 | EUR | 99.3 | n/a | 17.0 | 146.8 | 100.0% | 1.6x | n/a | 9.1x |
| Min | | | | | | | | | | 0.3x | 4.1x | 9.1x |
| Median | | | | | | | | | | 0.7x | 7.3x | 13.5x |
| Mean | | | | | | | | | | 0.9x | 7.0x | 14.1x |
| Max | | | | | | | | | | 1.6x | 11.0x | 22.4x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

569. Based on the considerations regarding the reference value when deriving trading multiples and the limited availability of data, the reference values of revenue, EBITDA and EBIT are used for the valuation with transaction multiples in order to ensure the broadest possible data basis.

570. The revenue multiples observable on the market range from 0.3x to 1.6x. The median and average are 0.7x and 0.9x respectively. The EBITDA multiples observable on the market range from 4.1x to 11.0x. The average and median are 7.0x and 7.3x respectively. The EBIT multiples observable on the market range from 9.1x to 22.4x. The median and average are 13.5x and 14.1x respectively.

571. In the following, the valuation based on the revenue, EBITDA and EBIT transaction multiples is based on a corresponding range between the average and the median of all transactions.

### Equity value based on transaction multiples

572. Based on the selected revenue, EBITDA and EBIT multiples, the value range for the equity value for Vitesco shown below is analogous to the derivation of the equity value on the basis of trading multiples:[170]

| Transaction multiples | Selected multiple range | | Vitesco metric | Value range | |
|---|---|---|---|---|---|
| | Median | Average | | Min | Max |
| EV / Revenue | 0.7x | 0.9x | 9,123.4 | 6,766.8 | 7,770.6 |
| EV / EBITDA | 7.3x | 7.0x | 905.3 | 6,368.7 | 6,573.8 |
| EV / EBIT | 13.5x | 14.1x | 410.3 | 5,531.0 | 5,777.5 |
| **Enterprise value (Ø)** | | | | **6,222.1** | **6,707.3** |
| - Interest bearing liabilities | | | | -1,488.6 | -1,488.6 |
| + Non-consolidated investments (book value) | | | | 23.1 | 23.1 |
| + Tax savings from tax loss carryforwards | | | | 31.9 | 31.9 |
| - Present value of negative cash flows | | | | -8.6 | -8.6 |
| **Equity value (Ø)** | | | | **4,780.0** | **5,265.2** |
| Shares outstanding | | | | 40.0 | 40.0 |
| **Value per share** | | | | **119.44** | **131.56** |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

573. As at the valuation date, the range for the equity value of Vitesco based on the revenue, EBITDA and EBIT multiples derived from comparable transactions with the selected multiple range is between EUR 4,780.0 million and EUR 5,265.2 million. With around 40.0 million shares outstanding, this corresponds to a value per Vitesco share of between EUR 119.44 and EUR 131.56.

574. At this point, reference is made to the limitations of the transaction multiples already explained. However, based on the analyses of comparable transactions, there are no indications that the multiples of comparable transactions are inappropriate.[171]

### 4.6.4 Vitesco stock price and three-month average price (VWAP)

575. According to IDW S 1, the stock price can be taken into account for plausibility purposes and in accordance with the DVFA recommendations as an independent valuation method. According to the most recent BGH case law in the context of structural measures under stock corporation law, the use of the stock price can also serve as a basis for estimating the equity value under certain circumstances. It must therefore be examined in each individual case whether the stock price is suitable to be used as a basis for estimating the equity value. However, it must be taken into account that a fundamental valuation is based on better and broader information than the capital market, such as the approved business plan.

[170] An estimated LTM was derived as a reference value, which is made up of the quarters Q2 to Q4 2023 and a rough estimate for Q1 of the planning year 2024.

[171] Note: The multiples of the public transactions were adjusted to reflect a control premium of only 10.0%. The multiples of the private transactions include a liquidity premium of 5%.

### Relevant stock price

576. The shares of Vitesco AG are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under ISIN DE000VTSC017. Vitesco shares are also traded on the OTC markets of the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart as well as on the Tradegate Exchange in Berlin. In addition to the listing on the Frankfurt Stock Exchange, Vitesco shares are traded in the United States in the form of a sponsored ADR program on the OTC market (Over The Counter, OTC) under ISIN US92853L1089. Five American Depository Receipts correspond to one Vitesco share. The company is not listed on a stock exchange in the United States.

577. In accordance with the case law of the BVerfG in the DAT/ALTANA decision[172], the stock price generally represents the lower limit for determining the cash settlement amount to be offered to outside shareholders. The BGH has confirmed and clarified this case law in two decisions.[173] According to the Stollwerck decision, this reference price is calculated from the volume-weighted average price over a reference period of three months prior to the announcement of the structural measure (here: the planned merger, so-called "3M VWAP" or "three-month average price"). In contrast to a closing price, this is less subject to random influences and short-term distortions. This is also supported by the WpÜG-AngebV,[174] according to which the appropriate consideration to be offered under the German Securities Acquisition and Takeover Act for takeover and mandatory offers is also determined as the volume-weighted three-month average price of the domestic stock prices on the regulated market. In accordance with the previous explanations, the relevant reference period for the consideration of the stock price in the present case is the three months prior to the announcement of the planned merger in the course of the announcement of the overall transaction by ad hoc announcement dated October 9, 2023.

578. It is also accepted in case law for the determination of the exchange ratio in the context of a merger that these principles for taking into account the stock price as a lower limit for the value of the transferring legal entity also apply to the determination of the exchange ratio in the merger, provided that there are no indications of market manipulation, insider trading or market tightness[175] and both companies involved are listed on the stock exchange due to the principle of equality of methods. However, it is not necessary to use the stock price ratio as a basis for determining the exchange ratio simply because this ratio is more favourable for the shareholders of the transferring legal entity than the ratio of the fundamental equity values of the companies involved. Such a most-favoured-principle has been rejected by case law.[176] Accordingly, there is no need to take into account the stock price of the acquiring company as an upper

---

[172] Cf. BVerfG, decision of 27.04.1999 - 1 BvR 1613/94.

[173] See BGH, decision of March 12, 2001 - II ZB 15/00 - "DAT/Altana" and decision of July 19, 2010 - II ZB 18/09 - "STOLLWERCK"

[174] § Section 5 (1), (3) WpÜGAngebV.

[175] See BVerfG, decision of April 26, 2011, Ref. 1-BvR 2658/10 (Telekom/T-Online), BVerfG, decision of May 16, 2012, Ref. 1 BvR 96/09, BGH, decision of September 29, 2015, Ref. II ZB 23/14, BGH decision of January 12, 2016, Ref. II ZB 25/14, OLG Frankfurt a.M. decision of April 26, 2021, Ref. 21 W 139/19.

[176] BVerfG, decision of April 26, 2011 - 1-BvR 2658/10 (Telekom/T-Online), para. 24 juris.

limit for the valuation of the acquiring company from a constitutional law perspective.[177] This is because any improvement in the exchange ratio in favour of the shareholders of the transferring legal entity simultaneously leads to a dilution of the shares of the existing shareholders of the acquiring legal entity. However, the legislator stipulates an appropriate exchange ratio in both directions. In accordance with the above, the relevant reference period for the consideration of the stock price in the present case is the three months prior to the announcement of the planned merger in the course of the announcement of the overall transaction by ad hoc announcement dated October 9, 2023.

579. In an ad hoc disclosure dated October 9, 2023, Schaeffler AG announced its intention to make a public Tender Offer to the shareholders of Vitesco AG for all outstanding shares.[178] In the same ad hoc disclosure, it was announced that Schaeffler AG planned to merge Vitesco AG into Schaeffler AG upon completion of the Tender Offer. Accordingly, the three-month reference period relevant for determining the 3M VWAP relevant for the planned merger ends on the day with the last stock price prior to the announcement of the public Tender Offer on October 9, 2023.

580. The relevant reference period for the calculation of the 3M VWAP of the Vitesco share thus covers the period from July 9, 2023 to October 8, 2023. The 3M VWAP for this reference period is EUR 76.18 per Vitesco share.[179] This corresponds to a market capitalization of Vitesco in EUR 3,048.8 million.

581. This means that the calculated ranges of the equity value before and after personal taxes are above the three-month average price of the Vitesco share determined by BaFin. In accordance with the latest BGH ruling, the 3M VWAP of EUR 76.18 is nevertheless relevant for determining the exchange ratio if the relevant liquidity criteria or any stock price or market distortions do not contradict this.

582. According to the case law of the BGH, the stock price must be extrapolated to the valuation date if there is a "longer period" between the date of the announcement of the structural measure and the date of the Annual General Meeting and a "general or industry-typical" stock market development makes an adjustment appear necessary.[180] A period of up to six months between the announcement of the structural measure and the date of the Annual General Meeting is considered "normal" or "usual".[181] There is currently no uniform case law regarding the definition of a "longer period" and the method of extrapolation. In the literature, a period of approximately seven and a half months is discussed as a "longer period", whereby the shortest period deemed to be a "longer period" was seven months and eight days.[182] Overall, the period from which an extrapolation is to be considered is handled generously and tends to be

[177] Cf. BVerfG, decision of April 27, 1999 - 1 BvR 1613/94.

[178] Schaeffler AG Ad hoc announcement dated October 9, 2023.

[179] Letter from BaFin to the legal advisors of Schaeffler AG dated October 23, 2023.

[180] See BGH decision of 19.07.2010, II ZB 18/09.

[181] OLG Stuttgart, decision of 24.07.2013, ref. 20 W 2/12.

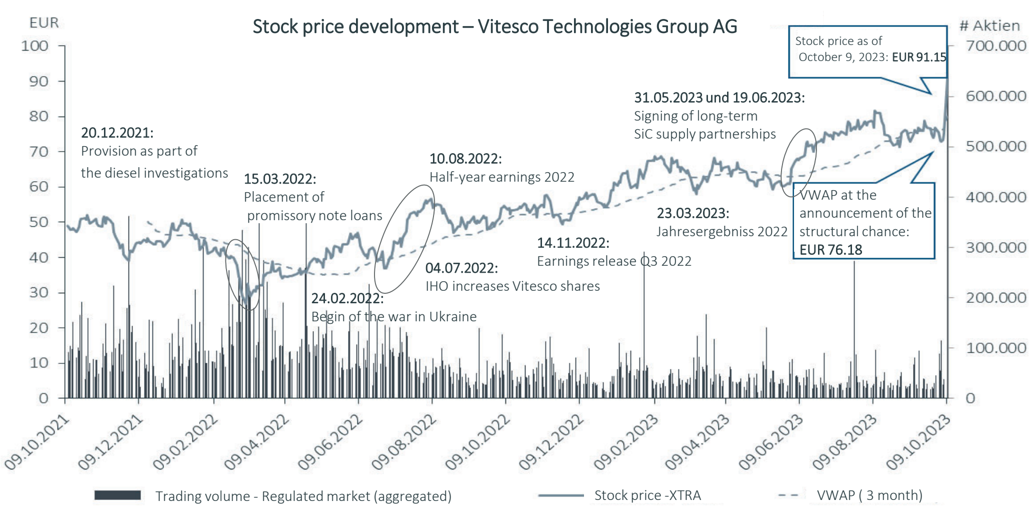
[182] Bungert/Becker, Der Betrieb 2021, p. 940 et seq.

longer in the case of a merger where the equity values of two companies are to be determined for the purpose of calculating the exchange ratio.[183]

583. There is a period of only slightly more than six months between the effective date of the 3M VWAP on October 8, 2023 and the Annual General Meeting of Vitesco AG on April 24, 2024. Therefore, in view of the only slightly longer period, the determination of the equity values of Schaeffler and Vitesco necessary for the planned merger and against the background of the assessment of this in the literature, no extrapolation of the stock price to the valuation date was made. There are also no indications in the present case that there were delays in the preparation of the planned merger and the Annual General Meeting adopting the resolution that would make an extrapolation appear necessary.

### Analysis of the Vitesco stock price

584. As part of the analysis of the Vitesco share, the development of the stock price and the three-month average price from October 2021 to October 2023 is first examined in order to identify possible anomalies in the stock price development such as price jumps, trading gaps or other distortions.




585. Following a slump in the stock price in February and March 2022 in connection with the market-wide fall in the stock price due to the start of the war in Ukraine to a price of less than EUR 30.00 per Vitesco share, the stock price recovered at the end of the first half of 2022. The Vitesco stock recorded positive price jumps on March 15, 2022 in connection with the placement of a promissory note loan in EUR 200 million, on July 4, 2022 due to the acquisition of around 4% by IHO and in May and June 2023 following the signing of long-term SiC supply partnerships. In the observation period from October 2021 to October 2023, the Vitesco stock price generally followed the trend of the benchmark indices, but recorded significant outperformance.

---

183 Decher, The determination of the stock price for the purpose of cash compensation in a squeeze-out.

### Liquidity analysis of the Vitesco share

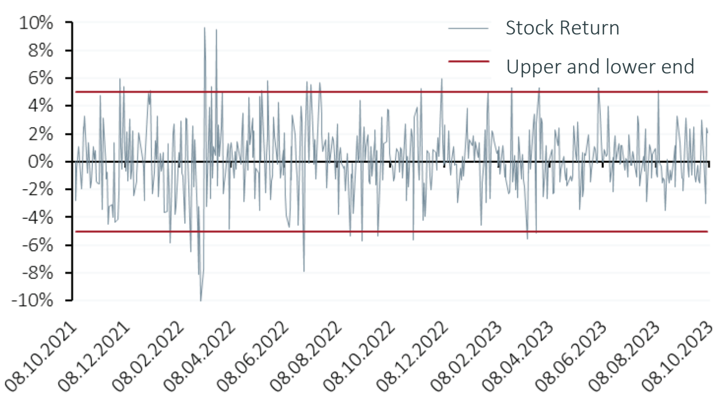
586. In connection with the relevance of the stock price, it must also be examined whether the stock price can actually represent an indicator of the equity value on the valuation date. Due to limited "marketability", it may not be possible to infer a market value of the share from the stock price.[184]

587. In addition to analysing the development of the stock price, there are several criteria for checking the liquidity of a share. According to Section 5 (4) WpÜG-AngebV, the three-month average price of BaFin is not relevant for determining the lower limit of the consideration in takeover and mandatory offers if

- in the three months prior to the publication of the offer, stock prices were determined on less than one third of the trading days and
- several consecutively determined stock prices deviate from each other by more than 5%.

588. During the reference period, Vitesco shares were traded on the Frankfurt Stock Exchange on all possible trading days. Furthermore, in the reference period from July 9, 2023 to October 8, 2023, several consecutively determined stock prices did not deviate from each other by more than five percent. With regard to the stock price of the Vitesco share, there was only one case in the entire observation period from October 9, 2021 to October 8, 2023 in which the stock price deviated by more than five percent on consecutive trading days. This occurred over a period of five consecutive days from March 3, 2022 and was due to the general market trend in response to the war in Ukraine.

Daily Stock Return - Vitesco




589. According to the two criteria of Section 5 para. 4 WpÜG-AngebV listed above, there are therefore no indications of a lack of liquidity of the Vitesco share during the reference period. The

[184] Cf. decision of the BVerfG of April 27, 1999, "DAT/Altana".

share was traded with sufficient volume on a sufficient number of trading days during the reference period, i.e. stock prices could be determined, and the stock prices did not show any significant price jumps on consecutive trading days, so that on this basis no market squeeze or price manipulation can be assumed.[185]

590. In addition, there are other liquidity criteria in case law which are not, however, uniformly defined and applied by the courts.

591. In the relevant case law[186], various criteria for checking liquidity were developed based on the individual cases decided in each case. If these liquidity criteria were met, the stock price was not discarded and the share was deemed to be sufficiently liquid. The criteria were as follows:

- the free float is greater than 5.0%,[187]
- there is active trading on more than one third of the trading days and/or
- more than 0.018% of the total number of shares (outstanding shares) are traded per day·.[188]

592. If the free float and trading volume are low and the stock price is influenced by other non-value-related events, the stock price cannot be used to infer the fair value of the share due to limited "marketability".[189]

593. In the reference period from July 9, 2023 to October 8, 2023, the free float of Vitesco shares was around 45.1% and therefore well above 5.0%, meaning that sufficient liquidity can be assumed based on the free float criterion.

594. The analysis of the relative trading volume and trading ratio shows that the Vitesco share has been relatively liquid on the regulated market of the Frankfurt Stock Exchange in the past. On average, around 40.3 thousand shares were traded on individual trading days and around 2.6 million shares were traded cumulatively over the reference period. This corresponds to 6.6% of the outstanding Vitesco shares. The average relative trading volume in the reference period was 0.101% of the total number of shares. Based on this criterion, it can therefore also be concluded that the Vitesco share has sufficient liquidity.

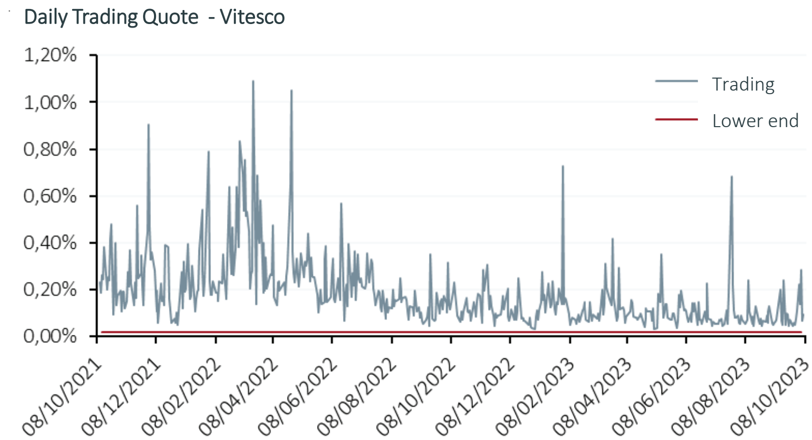
185 Cf. section 5 (4) WpÜG-AngebV.

186 Cf. inter alia: BGH decision of March 12, 2001, file no. II ZB 15/00; OLG Munich, decision of July 11, 2006, file no. 31 Wx 041/05 and 06/05; OLG Frankfurt a.M., decision of November 2, 2006, file no. 20 W 233/93; LG Frankfurt a.M., decision of January 17, 2006, file no. 3.5 O 75/03.

187 In case law, there are also rulings that this criterion is not fully applicable, particularly in the case of squeeze-outs. See LG Stuttgart, decision of April 3, 2018 - 31 O 138/15, OLG Stuttgart, decision of May 4, 2011 - 20 W 11/08, para. 94; OLG Stuttgart, decision of March 17, 2010 - 20 W 9/08, para. 235; OLG Karlsruhe, decision of September 12, 2017 - 12 W 1/17, para. 38.

188 OLG Stuttgart, decision of October 17, 2011, 20 W 7/11, para. 395.

189 Cf. decision of the BVerfG of April 27, 1999 (DAT/ALTANA).




595. Pursuant to Section 31 (2) sentence 1 WpÜG, shares offered as consideration in an exchange offer must be "liquid". The Higher Regional Court of Frankfurt am Main has defined criteria in a decision as to when an exchange share is to be considered liquid within the meaning of Section 31 para. 2 WpÜG (the "OLG Frankfurt decision").[190] If these criteria are met, the offer shares are considered liquid in any case. It should be noted that the liquidity criteria for the Offer Shares applied by the OLG Frankfurt are significantly narrower than the criteria to be used to assess the stock price as the lower limit of a cash offer pursuant to section 5 para. 4 WpÜG-AngebV. Since Schaeffler's Tender Offer is a different matter, the liquidity criteria of the OLG Frankfurt decision are not relevant in the present case. Nevertheless, the liquidity criteria of the OLG Frankfurt decision were used for further analysis in the liquidity analysis of the Vitesco share.

596. The OLG Frankfurt decision derives these criteria from the definition of "liquid shares" in Art. 22 (1) of Regulation (EC) No. 1287/2006. According to this regulation, a share is to be considered liquid if

- the share is traded daily,
- the market capitalization of the free float is not less than EUR 500 million and
- one of the following provisions is fulfilled:
  - the average daily number of trades is not less than 500; or
  - the daily turnover of the share is not less than EUR 2 million

597. In the reference period from 9 July 2023 to 8 October 2023, the Vitesco shares were traded daily on the Frankfurt Stock Exchange and the market capitalization of the free float as at October 8, 2023 was sufficiently high. The average daily trading volume of around EUR 3.1 million

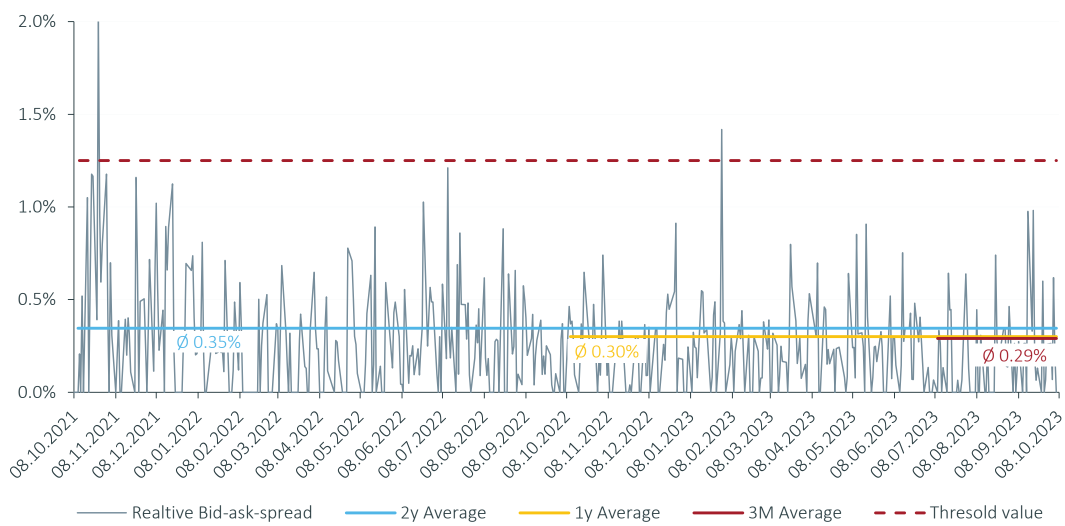
[190] See OLG Frankfurt, decision of January 11, 2021, Ref. WpÜG 1/20.

in the reference period was above the threshold of EUR 2 million.[191] The shares of Vitesco AG therefore also qualify as liquid according to the criteria of the OLG Frankfurt decision.

598. In addition to the legal criteria, the liquidity of the Vitesco share was also analysed from an economic perspective. Compared to analyses from a legal perspective, the requirements for the liquidity criteria of a share from an economic perspective are stricter. As part of the economic liquidity analysis, the development of the daily trading volume (in absolute terms and in relation to the total share portfolio) and the transaction costs (in the form of the bid-ask spread) are examined in order to assess the liquidity of the share over time.

599. In the reference period from July 9, 2023 to October 8, 2023, the average transaction costs for Vitesco shares in the XETRA trading system were low in the form of the so-called bid-ask spread of 0.29%, which is at the same level as the reference values for the SDAX (approx. 0.29%) and slightly above the reference values for the MDAX (approx. 0.16%) in the same period. The fluctuations of the bid-ask spread of the Vitesco share were in the range of 0.00% and 0.98%, which indicates a relatively high liquidity of the share.[192]

Bid-Ask-Spread – Vitesco




600. In summary, based on the analyses carried out on the liquidity of the Vitesco share on the Frankfurt Stock Exchange, the following observations can be made from a legal and economic perspective:

- ✓ The stock price performance of the Vitesco share in the reference period does not show any accumulation of consecutive stock prices that deviate from each other by more than 5%.

[191] Cf. offer document on the voluntary takeover and delisting offer, p. 59-60.

[192] See Munich Regional Court, decision of December 2, 2016, Ref. 5HK 5781/15; Higher Regional Court Frankfurt a. M., decision of November 20, 2019, Ref. 21 W 77/14 -, limit value for bid-ask spreads is 1%, or 1.25%;

- ✓ In the reference period, Vitesco shares were actively traded on 65 of 65 possible days, i.e. on more than a third of trading days.
- ✓ In the reference period, the free float of Vitesco shares was around 45.1% and therefore well above 5.0%. In addition, the market capitalization of the free float was no less than EUR 500 million.
- ✓ In the reference period, an average of 40.3 thousand shares were traded per day, which corresponds to 0.101% of the total share portfolio and is therefore more than five times higher than 0.018%.
- ✓ In the reference period, the average transaction costs for Vitesco shares in the XETRA trading system were low in the form of the bid-ask spread of 0.29%, which is at the same level as the reference values for the SDAX (approx. 0.29%) and slightly above the reference values for the MDAX (approx. 0.16%) in the same period.

601. According to the interpretation of the previously cited case law, there are no indications of a lack of liquidity of the share in the reference period in the sense of "legal liquidity criteria", as the share was traded on a sufficient number of trading days, i.e. the stock price could be determined, and the stock prices did not show any significant price jumps on consecutive trading days.[193] In addition, the free float was greater than 5.0% in the reference period and had sufficient market capitalization. As part of the economic liquidity analysis, the development of the daily trading volume (absolute and in relation to the total number of shares) and the transaction costs (in the form of the bid-ask spread) were examined in comparison to the SDAX and the MDAX. Since these liquidity analyses also indicate sufficiently high liquidity in the reference period from July 9, 2023 to October 8, 2023, the liquidity of Vitesco shares in the reference period is not limited from a purely economic perspective.

602. In view of the legal requirements and from an economic perspective, the three-month average price of Vitesco is a suitable method for determining the fair value of the shares and thus also the exchange ratio.

[193] Cf. section 5 (4) WpÜGAngebV.

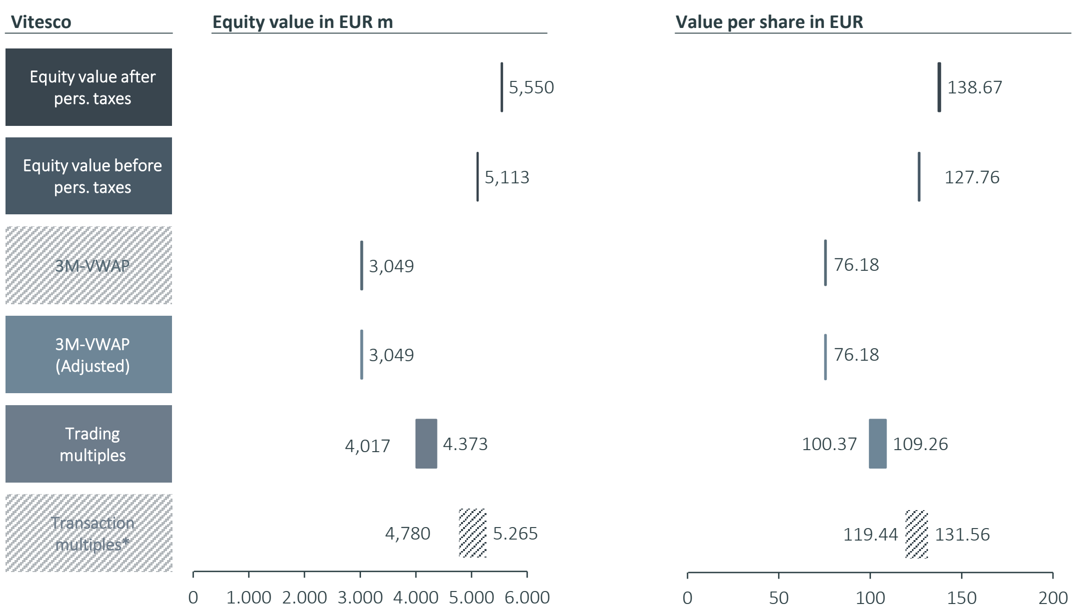
### 4.6.5 Liquidation value

603. As Vitesco will continue as a going concern in the present case and the equity value is higher than the corresponding liquidation value (assuming liquidation) due to the costs incurred in the event of liquidation (e.g. social plans, compensation, etc.), no liquidation value is calculated for Vitesco.

604. The liquidation value of Vitesco cannot be taken into account because Vitesco's business plan assumes significant growth in revenue based on a high order backlog as at the valuation date with a simultaneous significant margin expansion up to peer group level and the planned return on invested capital is expected to exceed the cost of capital from 2026. Thus, the going concern assumption proves to be advantageous for the shareholders or partners, so that the equity value is represented by the going concern value on the valuation date and the liquidation value is not relevant.

### 4.6.6 Conclusion on the equity value stand-alone

605. The equity values of Vitesco determined from the various valuation methods and parameters are as follows as of April 24, 2024:




*Note: *The transaction multiples are to be regarded as subordinate due to the aforementioned restrictions.*

606. The equity value after personal taxes (objectified equity value in accordance with IDW S 1) is used in practice for structural measures under stock corporation and transformation acts. Using a market risk premium after personal taxes of 5.75% and a beta factor of 1.00, this calculated equity value amounts to EUR 5,550 m or EUR 138.67 per Vitesco share as of April 24, 2024.

607. The equity value before personal taxes calculated using the DCF method in accordance with the DVFA recommendations, applying a market risk premium of 7.0% and a beta factor of 1.00, amounts to EUR 5,113 million or EUR 127.76 per Vitesco share as of April 24, 2024.

608. The 3M VWAP of Vitesco at the time prior to the announcement of the Tender Offer and the planned merger is EUR 3,049 million or EUR 76.18 per Vitesco share.

609. The equity values of Vitesco were also determined using trading and transaction multiples. The range of the equity value of Vitesco determined using trading multiples is EUR 4,017 million to EUR 4,373 million or EUR 100.37 to EUR 109.26 per Vitesco share. In addition, the range of the equity value based on the transaction multiples is EUR 4,780 million to EUR 5,265 million or EUR 119.44 to EUR 131.56 per Vitesco share.

610. Overall, the dividend discount values of Vitesco after personal taxes and the equity values before personal taxes determined using the DCF method are above or at the upper end of the value ranges determined using trading and transaction multiples. The dividend discount value of Vitesco after personal taxes of EUR 5,550 m or EUR 138.67 per Vitesco share using a market risk premium after personal taxes of 5.75% and a beta factor of 1.00 is above the value ranges of trading and transaction multiples. In addition, the calculated dividend discount value after personal taxes stand-alone is already above the 3M VWAP of Vitesco before the announcement of the Tender Offer and the planned merger in the amount of EUR 76.18 per Vitesco share.

# 5. Determination of the equity value of Schaeffler

## 5.1 Description of Schaeffler as a valuation object

611. Similar to Vitesco, the legal and tax situation of the company and its history are also presented for the Schaeffler valuation object. The legal and tax situation of the company and its history are presented below. The strengths and weaknesses of the business model as well as the opportunities and threats of the market environment are identified (SWOT analysis), taking into account the historical results of operations, assets and financial position of the last three years prior to the valuation date, in order to substantiate Schaeffler's opportunity/risk profile on this basis. In conjunction with the presentation of comparable companies (peer group), this forms a suitable starting point for assessing the business plan with respect to the amount and timing of cash flows characterized by forecast uncertainty, their risk profile, and the derivation of the capital market-based valuation assumptions, among other things.

### 5.1.1 Legal and tax situation

612. The subject of the valuation is Schaeffler AG with its registered office at Industriestrasse 1-3 in Herzogenaurach, Germany. Schaeffler is a stock corporation under German law and is entered in the commercial register of the Local Court of Fürth under the registration number HRB 14738.

613. Schaeffler is a global supplier to the automotive and industrial sectors, specializing in high-quality components and systems for engines, transmissions, chassis and industrial applications with a strategic focus on environmentally friendly and urban mobility.

614. In accordance with the current articles of association dated April 20, 2023, the corporate purpose of Schaeffler comprises

i. the development, manufacture and sale of components, parts, systems and software as well as the development and provision of analogue and digital services for automobile manufacturers, other industrial customers and other customers, as well as trading in such products. Schaeffler's business also includes manufacturing or procuring components, raw materials, or parts required to manufacture the aforementioned products.

ii. Schaeffler may realize the object of the company itself or through subsidiaries or associated companies. Furthermore, Schaeffler is authorized to engage in all transactions and take all measures that appear suitable to directly or indirectly serve the purpose of the company.

iii. For this purpose, the company may establish branches in Germany and abroad, establish, acquire and invest in other companies of all kinds and manage companies or limit itself to the management of the investment. The company may sell any of its shareholdings or spin off all or part of its business or assets or transfer them to other companies. It may enter into intercompany agreements of any kind and spin off its operations in whole or in part to other companies in which it holds a majority interest or transfer them to such companies.

615. The executive board of Schaeffler AG consists of eight members. The members of the executive board are Klaus Rosenfeld (Chief Executive Officer), Claus Bauer (Chief Financial Officer), Andreas Schick (Chief Operating Officer), Dr. Astrid Fontaine (Chief Human Resources Officer), Jens Schüler (Chief Automotive Aftermarket Officer), Dr. Stefan Spindler (Chief Industrial Officer), Uwe Wagner (Chief R&D Officer) and Matthias Zink (Chief Automotive Technologies Officer).

616. In accordance with Schaeffler AG's articles of association, the Supervisory Board of Schaeffler AG consists of 20 members. Ten of these members are appointed by resolution of the Annual General Meeting (shareholder representatives) and ten members are elected by the employees in accordance with the provisions of the German Codetermination Act (employee representatives). The election takes place for the period until the end of the Annual General Meeting that resolves on the discharge for the fourth financial year after the start of the term of office. The financial year in which the term of office begins is not included in this calculation. The Annual General Meeting may determine a shorter term of office for Supervisory Board members elected by the Annual General Meeting. Re-election is possible. The Supervisory Board has a quorum if all members of the Supervisory Board have been invited to the last known address and at least ten Supervisory Board members participate in the resolution. The 20 current members of the Supervisory Board are Georg F. W. Schaeffler (Chairman), Jürgen Wechsler* (Deputy Chairman of the Supervisory Board), Sabine Bendiek, Prof. Dr. Hans-Jörg Bullinger, Dr. Holger Engelmann, Prof. Dr. Bernd Gottschalk, Andrea Grimm*, Ulrike Hasbargen, Thomas Höhn*, Susanne Lau*, Dr. Alexander Putz*, Katherina Reiche, Barbara Resch*, Jürgen Schenk*, Helga Schönhoff*, Ulrich Schöpplein*, Robin Stalker, Prof. Siegfried Wolf, Prof. Dr. Tong Zhang and Markus Zirkel* (employee representatives are marked with an *).

617. Schaeffler's financial year corresponds to the calendar year.

618. The company's share capital amounts to EUR 666,000,000.00 and is divided into 500,000,000 common shares in bearer form that are not listed on a stock exchange ("Schaeffler common shares") and 166,000,000 common non-voting preference shares in bearer form ("Schaeffler preference shares", "Schaeffler common shares", and "Schaeffler preference shares" together "Schaeffler shares"). The notional amount of share capital attributable to each no-par value share is EUR 1.00 per share. Pursuant to section 19.1 of the company's articles of association, each Schaeffler common share carries one vote at the Annual General Meeting. Preferred shareholders have no voting rights. Pursuant to section 22.2(b) of the articles of association, the preferred dividend per Schaeffler preference share is set at EUR 0.01.[194] As part of the overall transaction, an extraordinary Annual General Meeting of Schaeffler AG held on February

[194] See Articles of Association of Schaeffler AG dated April 20, 2023

2, 2024, resolved to convert the non-voting preference shares of Schaeffler AG into voting common shares of Schaeffler AG at a ratio of 1:1. The non-voting preference shareholders approved the change in share class at a separate meeting of preference shareholders on February 2, 2024. In the resolution, the executive board was instructed not to file the change of share class for entry in the commercial register until a separate Annual General Meeting of Schaeffler AG has approved a merger agreement between the company and Vitesco AG as the transferring entity. The registration of the change of share class must be conditional upon the prior or simultaneous registration of the planned merger of Vitesco AG into Schaeffler AG in the commercial register of the company.

619. The executive board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 200,000,000.00 by issuing new non-voting preference bearer shares carrying the same rights as existing Schaeffler preference shares in accordance with the articles of association against cash contributions on one or more occasions until August 31, 2025. The shareholders must be granted subscription rights. The executive board determines the issue amount of the new non-voting preference shares with the approval of the Supervisory Board. The executive board decides on the further content of the share rights and the conditions of the share issue with the approval of the Supervisory Board. This authorization was conditionally revoked by the resolution of the extraordinary Annual General Meeting of Schaeffler AG on February 2, 2024.

620. Schaeffler AG's preference shares have been admitted to trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange under ISIN DE000SHA0159 since October 9, 2015. The preference shares are currently included in the SDAX and DAXsector Automobile, among others.

621. Schaeffler AG is subject to German tax law. The trade tax rate of the city of Herzogenaurach is 320%. Taxation is determined locally based on the respective income taxes of the subsidiaries in Germany and abroad. Schaeffler AG's tax contribution account amounted to EUR 2,630.0 m as of December 31, 2023. As of December 31, 2023, the company had usable corporate income tax loss carry forwards of EUR 606.7 m and usable trade tax loss carry forwards of EUR 440.2 m, of which approximately 90% exist in Germany.

622. As of December 31, 2023, the Schaeffler Group comprises Schaeffler AG as the parent company and 177 fully consolidated subsidiaries in Germany and abroad, of which 114 subsidiaries are domiciled in the Europe region, 27 subsidiaries are domiciled in the Americas region, 19 subsidiaries are domiciled in the Greater China region, and 17 subsidiaries are domiciled in the Asia/Pacific region. In addition, there are joint ventures, associated companies and non-consolidated investments. Due to the complexity of the Group structure, the organizational chart is not presented here and reference is made to the list of shareholdings in the notes to the consolidated financial statements (5.8 List of shareholdings in accordance with Section 313 (2) HGB) of the 2023 Annual Report.

### 5.1.2 Company history

623. Schaeffler was founded in 1946 in Herzogenaurach, Germany, by the brothers Georg Schaeffler and Wilhelm Schaeffler. Schaeffler's corporate history is characterized by continuous growth, strategic acquisitions and a strong international presence. The company initially began with the repair of agricultural equipment and the manufacture of consumer goods made of wood. Soon after, it also became a supplier for toolmaking.

624. In the 1950s, the innovation of Georg Schaeffler, who developed the needle roller cage for needle roller bearings, was a turning point for the company and led to the founding of Industrie Nadellager (INA). In 1951, the first INA subsidiary was founded in Germany, Saar Nadellager oHG in Homburg. In 1956, the company entered the French market with the founding of INA Roulement S.A. in Haguenau, Alsace. This was followed by the first foreign branch plant in Haguenau. In 1957, production began in Llanelli, Great Britain, and in 1958 a plant was opened near São Paulo, Brazil.

625. Schaeffler's expansion continued in the 1960s and 1970s with the founding of INA's first foreign subsidiary in the United States in 1963. In 1965, Lamellen und Kupplungsbau August Häussermann in Bühl was taken over and renamed LuK Lamellen und Kupplungsbau GmbH. In 1976, LuK launched AS Autoteile-Service GmbH & Co., the first aftermarket service company of a clutch manufacturer worldwide. In 1979 and 1984, the company acquired stakes in Hydrel AG in Switzerland and Helmut Elges GmbH in Steinhagen. In 1991 and 1992, plants were opened in Skalica, Slovakia, and Ansan, Korea, followed by the founding of INA Bearings China Co. Ltd. in Taicang, China, in 1995.

626. Schaeffler took over LuK completely in 1999. In 2000, the company acquired a majority stake in Rege Motorenteile GmbH, which was sold again in 2008. In 2001, Schaeffler took over the competing rolling bearing manufacturer FAG Kugelfischer Georg Schäfer AG in Schweinfurt. This made Schaeffler the second largest rolling bearing manufacturer in the world.

627. On July 15, 2008, the then Schaeffler KG announced a public takeover offer for all outstanding shares of Continental AG and published the offer document on July 30, 2008. On August 21, 2008, Schaeffler KG increased the offer price to EUR 75.00 per Continental share. The takeover offer was accepted for more than 138.5 million Continental shares. On December 19, 2008, the European Commission cleared Schaeffler KG's acquisition of shares in Continental AG under antitrust law without restriction. The takeover offer was completed on January 8, 2009, although Continental AG's share price fell significantly below the takeover offer in the course of the global financial crisis. In January 2009, Continental and Schaeffler had a combined debt of approximately EUR 23 billion after completion of the takeover offer and sought government assistance to secure Schaeffler.

628. On January 6, 2010, Continental raised gross proceeds of EUR 1.1 billion by issuing 31 million new shares. Following this capital increase, Schaeffler KG and the banks M.M. Warburg and Metzler jointly controlled just over 60% of the shares in Continental AG. At the beginning of 2015, their shareholding in Continental AG, which had since been reduced to 46%, was separated from Schaeffler AG and placed under the control of IHO Holding. The Schaeffler family

increased its stake in Continental AG's former Powertrain division, Vitesco AG, from 46.0% to 49.9% following its spin-off.

629. Schaeffler AG's preference shares have been listed on the stock exchange since October 9, 2015. A total of 166 m non-voting common non-voting bearer shares were admitted to trading, of which 66 m common non-voting shares originated from a capital increase by Schaeffler AG and 100 m common non-voting shares originated from the holdings of the then Schaeffler Verwaltungs GmbH. The placement price for the shares offered in the IPO was set at EUR 12.50 per share. The gross proceeds of Schaeffler AG amounted to approximately EUR 825 m.

630. Schaeffler completed the acquisition of the Ewellix Group with closing on January 3, 2023. With the acquisition of the manufacturer and supplier of drive and linear motion solutions, Schaeffler is expanding its portfolio in the area of linear technology.

631. On October 9, 2023, Schaeffler AG announced its intention to make a Tender Offer of EUR 91.00 per outstanding Vitesco share. Schaeffler had entered into a non-tender agreement with IHO Holding, the strategic management holding company of the Schaeffler family, regarding its 49.9% stake in Vitesco, which ended upon completion of the offer. On November 27, 2023, Schaeffler increased the Offer to EUR 94.00 per Vitesco share.

632. With respect to the overall transaction, an extraordinary Annual General Meeting of Schaeffler AG held on February 2, 2024, resolved to convert the non-voting preference shares of Schaeffler AG into voting common shares of Schaeffler AG at a ratio of 1:1 ("change of share class"). The non-voting preference shareholders approved the change of share class at a separate meeting of preference shareholders on February 2, 2024. In the resolution, the executive board of Schaeffler AG was instructed not to file the change of share class for entry in the commercial register until a separate Annual General Meeting of Schaeffler AG has approved a merger agreement between the company and Vitesco AG as the transferring entity. The registration of the change of share class must be conditional upon the prior or simultaneous registration of the merger of Vitesco AG into Schaeffler AG in the commercial register of the company.

### 5.1.3 Business model

633. Schaeffler is a global supplier to the automotive and industrial sectors (*Motion Technology Company*). The company is organized into three divisions (hereinafter also referred to as segments): Automotive Technologies, Automotive Aftermarket and Industrial. In the 2024 reporting year, the Automotive Aftermarket and Industrial segments were renamed Vehicle Lifetime Solutions and Bearings & Industrial Solutions respectively.[195] The focus of business activities is on the development, manufacture, and supply of precision components and systems for the automotive and industrial sectors. Schaeffler's product range includes rolling bearings, linear

[195] Due to the naming of the three divisions in the history and the projection according to the same three divisions, the "old" naming of the segments as Automotive Technologies, Automotive Aftermarket and Industrial was retained for reporting purposes.

technology, engine bearings, clutches, manual transmissions, and electric drive systems for chassis and powertrain in the automotive sector as well as for industrial applications.

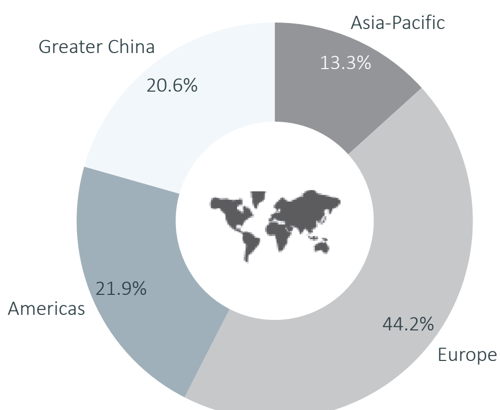
634. Schaeffler has a broad geographical presence and operates a global network of production locations, R&D facilities, and revenue companies. With approximately 200 locations worldwide, 82 plants in 24 countries, 20 R&D centres and additional R&D locations in a total of 25 countries, as well as a close-knit revenue and service network, Schaeffler ensures proximity to its customers, particularly in Germany, China, the U.S., India, and Brazil.

635. Schaeffler employs around 83,400 people worldwide (as of December 31, 2023) and generated revenue of EUR 16,313 m in 2023.

636. In terms of revenue distribution by region (as of December 31, 2023), Europe is Schaeffler's largest market with revenue of EUR 7,221 m or 44% of total revenue. The Greater China region contributed EUR 3,358 m to revenue, representing approximately 21% of total revenue. Revenue in the Americas amounted to EUR 3,569 million or 22% of total revenue. Finally, the Asia/Pacific region accounted for around 13% of total revenue with revenue of EUR 2,165 million.

Breakdown of revenue by region

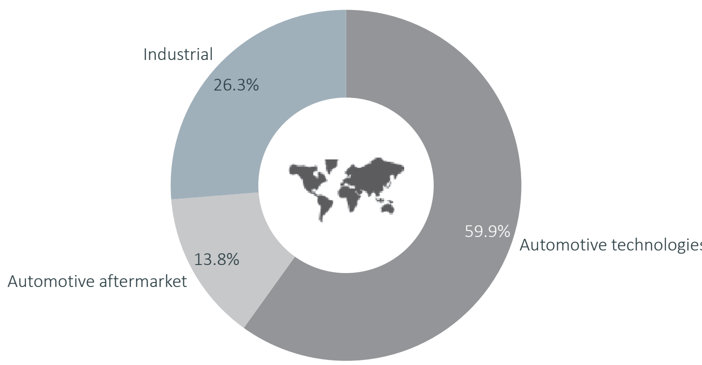
*in % of revenue 2023*




637. Looking at the breakdown of revenue by segment, the Automotive Technologies segment is the most important segment at around 60%.

Breakdown of revenue by segment

*in % of revenue 2023*




638. Schaeffler's Automotive Technologies division focuses on developing and manufacturing a wide range of products and systems for all-electric and hybrid drives, fuel cell drives, internal combustion engines, and chassis systems in the automotive industry. The division can be divided into four business units, each of which covers different aspects of the automotive industry: E-mobility, Engine & Transmission Systems, Bearings and Chassis Systems. In the 2024 reporting year, the Bearings division, which was previously part of the Automotive Technologies segment, was assigned to the Industrial segment.

639. The Engine & Transmission Systems division covers the development of components and subsystems for combustion engines and transmissions. These include torque converters, clutches, variable valve train systems, valve lash adjustment elements, balancer shafts, camshaft phasing systems, timing drives and auxiliary transmissions. The aim is to make conventional drives as efficient and resource-saving as possible and to develop innovative solutions to reduce consumption and control emissions.

640. Under the e-mobility division, the company offers a wide range of products, including electric motors, e-axle transmissions, power electronics, hybrid modules, electromechanical and hydraulic actuators as well as thermal management modules and complete e-axle systems. These components are used for powertrain electrification in vehicles with various drive types, including mild hybrid, plug-in hybrid and all-electric vehicles for both passenger cars and commercial vehicles.

641. The bearings division offers a comprehensive portfolio of bearings, including wheel bearings, ball bearings and needle roller bearings, which are used in various applications in engines, transmissions, e-axles and hybrid modules. Special products such as the friction-reduced wheel bearing "Trifinity" and high-performance ball bearings for electric motors help to meet the requirements of the changing automotive industry.

642. In the Chassis Systems division, the company develops and produces mechanical components and mechatronic systems for steering systems and other chassis applications. Products include

the "Space Drive" steer-by-wire system, roll stabilizers and rear axle steering systems. The collaboration with companies such as Mobileye, a provider of systems for automated driving, aims to further develop and establish autonomous vehicle concepts.

643. The Automotive Technologies division's customer base includes all major global automotive manufacturers and suppliers to the automotive industry. These customers are supplied with a wide range of products and services tailored to the specific requirements and drive types of their vehicles. The division also works with the Aftermarket division, providing customers with spare parts and services to ensure customer loyalty and support throughout the vehicle life cycle. Top customers include Volkswagen, Daimler, Ford, BMW, GM, Geely, Ford, Renault Nissan Mitsubishi and Stellantis.

644. In order to remain competitive in an intensely competitive market environment, the Automotive Technologies division is focusing on driving forward the electrification of the drivetrain. This includes the development of new business areas and the implementation of cost structures that can hold their own against the competition. In view of the changing market conditions and the increasing transformation in the field of drive technologies, the focus is on creating competitive advantages and adapting agilely to the evolving requirements of the industry.

645. In addition, the "Schaeffler Vision Automated Vehicle" reflects the expectation that by 2035 around 10% of passenger cars and light commercial vehicles produced will be highly automated and around 15% partially automated. This points to the increasing requirements for applications in the chassis area in order to support the growing automation of driving functionalities.

646. In 2023, Schaeffler's Automotive Technologies division reported revenue of EUR 9,772 m. The Engine & Transmission Systems division was the largest revenue driver, contributing EUR 5,306 m or approximately 54.3% of total revenue. The Bearings division followed with revenue of EUR 2,697 million, which corresponded to around 27.6% of total revenue. With revenue of EUR 1,312 million, the E-mobility division contributed around 13.4%, while the Chassis Systems division accounted for around 4.7% of total revenue at EUR 457 million.

647. The Automotive Aftermarket division is responsible for the global spare parts business for passenger cars and commercial vehicles. The product portfolio includes high-quality components and comprehensive repair solutions for engine, transmission and chassis applications in the passenger car, light commercial vehicle, truck, bus and off-road vehicle customer sectors.

648. Within each region, the products are mainly marketed via two revenue channels: the Original Equipment Service (OES) and the independent aftermarket (IAM). The OES revenue channel supplies vehicle manufacturers and authorized workshops with original spare parts, while the IAM revenue channel supplies independent, brand-independent workshops with components, repair solutions and services. The IAM offers both traditional component deals and customized repair sets and kits to support efficient vehicle repairs.

649. The Automotive Aftermarket division uses a global network of wholesalers, who are often organized in trade cooperations, to sell their products to workshops on the IAM market. At the

same time, the online distribution of spare parts is becoming increasingly important. Schaeffler currently has two major platforms in operation: the Koovers platform, which is mainly used in India, and the ETC platform, which is active in China. These are basically e-commerce platforms on which distributors and retailers come together, thus skipping the traditional trading stage. In addition, e-commerce business is also conducted on other platforms, such as automotive parts on the MercadoLibre platform.

650. The Automotive Aftermarket division's largest revenue markets are Europe with revenue of EUR 1,497 million (66.4%) in 2023, followed by the Americas with revenue of EUR 478 million (21.2%), Greater China with revenue of EUR 139 million (6.2%) and Asia/Pacific with revenue of EUR 139 million (6.2%).

651. The biggest driver of the Automotive Aftermarket division is the global vehicle population. The division benefits from a larger number of vehicles, the increasing age of the vehicle population and the high complexity of vehicles, as this increases the need for repairs and spare parts. The Automotive Aftermarket division helps to ensure customer satisfaction and support throughout the vehicle life cycle by offering high-quality spare parts and services for passenger cars and commercial vehicles.

652. The Industrial division within Schaeffler develops and produces precision components, both rotary and linear bearing solutions, drive technology components and systems as well as service solutions such as sensor-based systems for condition monitoring for a wide range of industrial applications. The division is also actively involved in the development of new products and solutions for the hydrogen economy. The Industrial division's management model follows a regional approach and comprises the regions of Europe, America, China and Asia/Pacific. The Industrial division's largest revenue markets are Europe with revenue of EUR 1,867 million (43.5%) in 2023, followed by the Americas with revenue of EUR 800 million (18.7%), Greater China with revenue of EUR 1,009 million (23.5%) and Asia/Pacific with revenue of EUR 612 million (14.3%).

653. Within these regions, the business is divided into eight sector clusters: Wind, aerospace, rail transportation, off-road applications, two-wheeler industry, raw materials, energy transmission and industrial automation. In addition, business with dealers is managed by the Industrial Distribution division. The new, strategic business areas include "Lifetime Solutions" for industrial maintenance, "Robotics", hydrogen and linear storage solutions.

654. Regional business management enables the different requirements within the customer base to be addressed in a targeted manner, which helps to strengthen customer loyalty. Overarching topics such as the technology and product strategy are coordinated and driven forward by the networking of the regions within the division and global key account management. This ensures that the industrial business is closely aligned with current customer and market requirements.

### 5.1.4 Corporate strategy

655. Schaeffler's mission is to enable sustainable mobility and motion by developing and producing innovative and intelligent components, systems and services. As an integrated automotive and industrial supplier (*Motion Technology Company*) with cross-divisional technology and manufacturing expertise, Schaeffler creates synergies across products, sectors, and divisions.

656. Schaeffler attaches great importance to sustainability and digitalization as key strategic topics that will shape the development of the company and its markets, products and customers in the long term. This strategic direction is summarized in the "*Roadmap 2025*", which contains three key elements: the "*Strategy 2025*", the "*Execution Program 2025*" with seven sub-programs and the "*Mid-term Targets2025*".[196]

657. From Schaeffler's perspective, the "*Strategy 2025*" concentrates on five key future trends: sustainability & climate change, new mobility & electrified drives, autonomous production, data economy & digitalization, and demographic change. Against the background of these trends, five focus areas were defined, which form the content framework for potential growth initiatives and specify the strategic investment areas.

i. The focus area of CO2-efficient drives is at the heart of the development of the automotive business in the wake of increasing environmental awareness and efforts towards decarbonization. The product portfolio ranges from solutions for combustion engines to hybrid solutions and fully electric drive systems. Fuel cell expertise is being driven forward in a targeted manner from the component level through to entire systems, with hydrogen technology also becoming increasingly important in the industrial business, particularly for two-wheelers, commercial vehicles, the rail business and aviation.

ii. In the chassis applications focus area, components and innovative by-wire solutions are increasingly being developed to meet the requirements of new forms of mobility and advancing automation. This focus not only extends to the automotive business, but also includes autonomous vehicles in the logistics and transportation sector.

iii. In the Industrial Machinery & Equipment focus area, Schaeffler offers innovative mechatronic systems to meet the increasing requirements of autonomous production. These include powerful and precise robotic arm actuators, which should feature compact motor technology, coated sensors and bearings with low friction and wear resistance. Classic components also continue to play a leading role.

iv. The focus area of renewable energies goes hand in hand with global climate challenges. Schaeffler is positioning itself as a supplier for the expansion of renewable energies

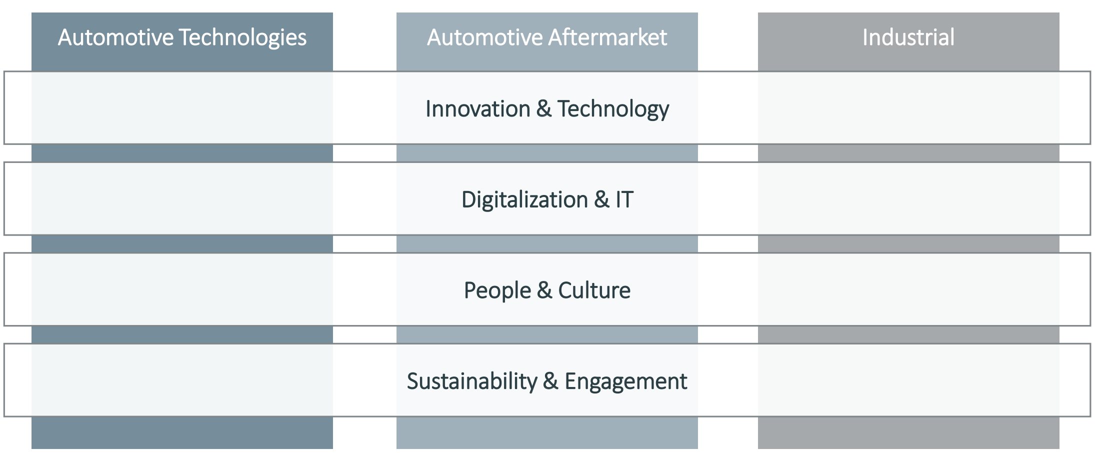
[196] In the context of the intended business combination with Vitesco Technologies Group AG and in connection with the planned organizational structure of the merged company in four focused divisions, the Schaeffler Group considers the medium-term targets 2025 as a whole to be no longer applicable and intends to derive new medium-term targets. However, as the valuation for the assessment of the appropriate exchange ratio is carried out under stand-alone aspects, these are still relevant for the purposes of the Expert Opinion.

with a product portfolio that includes solutions for wind turbines as well as solar and hydroelectric power plants.

v. Schaeffler is also concentrating on the focus area of solutions for the aftermarket & services. The company is responding to developments such as autonomous production, new mobility concepts and the increasing connectivity of vehicles. In addition to monitoring and service solutions for industrial systems, data-based services and innovative plug-and-play repair solutions are also offered. The strategic development towards a provider of systems and integrated solutions is being driven by industry partnerships in the aftermarket ecosystem, including access to vehicle data.

658. The strategy is implemented via the "*Execution Program 2025*" with seven sub-programs. The sub-programmes are divided into three divisional (vertical) and four cross-divisional (horizontal) programs. All sub-programmes are geared towards achieving the defined strategic priorities of innovation, agility and efficiency. The three divisional sub-programmes are aimed in particular at driving forward the growth initiatives resulting from the focus areas, expanding market positions and increasing cost and capital efficiency. In the four cross-divisional sub-programmes, the focus is on key areas and core competencies that are intended to make the entire company more future-proof and support the realization of synergy potential across the divisions. The "Sustainability & Engagement" subprogram, for example, is dedicated to anchoring ecological and social responsibility in Schaeffler's value chain as a key success factor for sustainable business. The entire implementation plan is designed for a period of 5 years and is to be fully implemented by December 31, 2025.

Divisional and cross-divisional subprograms




659. The strategic "*Mid-term targets 2025"* quantify what the company is aiming for in terms of revenue growth and profitability at the level of Schaeffler's various divisions and in terms of

return on capital employed (ROCE) and free cash flow conversion (FCF conversion) at the group level.[197] The target for ROCE at group level is 12% to 15% and FCF conversion of 30% to 50%.[198]

660. Schaeffler primarily pursues an organic growth strategy, whereby acquisitions are considered if they expand the technological expertise or strengthen the market position.

661. In addition, Schaeffler has decided on further structural measures to improve its competitiveness in a changing market environment. These measures include socially responsible job cuts and investments in new technologies.

662. Overall, Schaeffler is striving to assume a pioneering role as an automotive and industrial supplier (*Motion Technology Company*) and to place innovation, agility and efficiency at the centre of its activities.

### 5.1.5 Earnings position, assets and financial position

663. The historical analysis of the results of operations, assets and financial position forms the starting point for the analysis of the business plan and for plausibility assessments.[199] For comparison purposes, the budget for the period 2021 to 2023 has therefore already been compared with the actual figures at this point. The business plan for the years 2024 to 2028 is discussed in detail in section 5.2.

664. As part of the historical analysis of the results of operations, assets and financial position, the financial years 2021 to 2023 are discussed below.

[197] In the context of the intended business combination with Vitesco Technologies Group AG and in connection with the planned organizational structure of the merged company in four focused divisions, the Schaeffler Group considers the medium-term targets 2025 as a whole to be no longer applicable and intends to derive new medium-term targets. However, as the valuation for the assessment of the appropriate exchange ratio is carried out under stand-alone aspects, these are still relevant for the purposes of the Expert Opinion.

[198] See press release dated November 18, 2020: "Schaeffler launches Roadmap 2025".

[199] See IDW S 1 as amended in 2008, para. 72 and DVFA recommendations, 2012, p. 23.

#### 5.1.5.1 Earnings position

665. The following overview presents Schaeffler's adjusted results of operations for the financial years 2021 to 2023 in accordance with IFRS:

| Adjusted Profit & Loss Statement | Historical (adj.) | | | Projection | | | | |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| **Revenues** | **13,851.6** | **15,809.1** | **16,312.9** | **17,073.8** | **18,155.1** | **19,759.1** | **21,465.3** | **22,690.2** |
| *growth (yoy)* | - | *14.1%* | *3.2%* | *4.7%* | *6.3%* | *8.8%* | *8.6%* | *5.7%* |
| Cost of sales | -10,404.6 | -12,224.3 | -12,717.0 | -13,197.7 | -14,009.1 | -15,269.1 | -16,631.3 | -17,542.8 |
| **Gross profit** | **3,447.0** | **3,584.8** | **3,595.9** | **3,876.1** | **4,146.0** | **4,490.0** | **4,834.0** | **5,147.4** |
| *in % of revenues* | *24.9%* | *22.7%* | *22.0%* | *22.7%* | *22.8%* | *22.7%* | *22.5%* | *22.7%* |
| Selling and administrative expenses | -1,517.9 | -1,734.9 | -1,825.3 | -1,843.2 | -1,962.9 | -2,053.3 | -2,173.5 | -2,181.6 |
| Research and development expenses | -748.1 | -767.9 | -767.9 | -792.1 | -801.4 | -800.7 | -784.6 | -772.9 |
| Other operating income | 69.6 | 43.2 | 93.3 | 43.1 | 3.1 | 4.5 | 5.5 | 5.8 |
| Other operating expenses | -62.0 | -32.5 | 0.0 | -48.8 | -2.5 | -27.2 | -64.2 | -53.3 |
| **EBIT** | **1,188.7** | **1,092.7** | **1,096.0** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** |
| *in % of revenues* | *8.6%* | *6.9%* | *6.7%* | *7.2%* | *7.6%* | *8.2%* | *8.5%* | *9.5%* |
| Total depreciations (throughout all functions) | 958.2 | 984.3 | 1,001.8 | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 |
| **EBITDA** | **2,146.9** | **2,077.0** | **2,097.8** | **2,245.0** | **2,381.8** | **2,613.7** | **2,827.8** | **3,177.8** |
| *in % of revenues* | *15.5%* | *13.1%* | *12.9%* | *13.1%* | *13.1%* | *13.2%* | *13.2%* | *14.0%* |
| Financial results | -122.0 | -121.3 | -212.0 | -346.9 | -330.1 | -336.3 | -342.4 | -361.4 |
| **Results from ordinary activities** | **1,066.7** | **971.4** | **884.0** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** |
| Extraordinary results | 55.7 | -119.1 | -308.4 | - | - | - | - | - |
| **Income before tax** | **1,122.4** | **852.3** | **575.6** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** |
| *in % of revenues* | *8.1%* | *5.4%* | *3.5%* | *5.2%* | *5.8%* | *6.5%* | *6.9%* | *7.9%* |
| Taxes on income | -347.5 | -267.6 | -240.5 | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 |
| *Effective tax rate (in %)* | *31.0%* | *31.4%* | *41.8%* | *33.2%* | *26.8%* | *25.8%* | *26.0%* | *25.6%* |
| **Annual result** | **774.9** | **584.6** | **335.2** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** |
| *in % of revenues* | *5.6%* | *3.7%* | *2.1%* | *3.5%* | *4.2%* | *4.8%* | *5.1%* | *5.9%* |
| Annual result for the Year accounting for Non-Controlling I | 18.8 | 27.2 | 25.5 | - | - | - | - | - |

### Adjustments to the historical earnings position

666. In accordance with IDW S 1 and the DVFA recommendations, the operating surpluses (EBITDA, EBIT) must be adjusted as part of the historical analysis in order to clarify the effective causes of past earnings. Adjustments made for extraordinary influences must be explicitly explained.

667. Adjustments to the results of operations for the period from 2021 to 2023 are presented here. Adjustments were made by ValueTrust in consultation with Schaeffler. No adjustments were made in connection with the Covid-19 pandemic, as the effects cannot be precisely quantified.[200]

200 The adjustments were made by the valuation expert to present a margin adjusted for special items and differ in part from the adjustments in the annual reports, which result in "EBIT before special items".

| Adjusted Profit & Loss Statement | Historical (unadj.) | | | Adjustments | | | Historical (adj.) | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| **Revenues** | **13,851.6** | **15,809.1** | **16,312.9** | **-** | **-** | **-** | **13,851.6** | **15,809.1** | **16,312.9** |
| *growth (yoy)* | - | *14.1%* | *3.2%* | - | - | - | - | *14.1%* | *3.2%* |
| Cost of sales | -10,412.1 | -12,229.7 | -12,716.8 | 7.5 | 5.4 | -0.1 | -10,404.6 | -12,224.3 | -12,717.0 |
| **Gross profit** | **3,439.5** | **3,579.4** | **3,596.0** | **7.5** | **5.4** | **-0.1** | **3,447.0** | **3,584.8** | **3,595.9** |
| *in % of revenues* | *24.8%* | *22.6%* | *22.0%* | - | - | - | *24.9%* | *22.7%* | *22.0%* |
| Selling and administrative expenses | -1,517.9 | -1,734.9 | -1,825.3 | - | - | - | -1,517.9 | -1,734.9 | -1,825.3 |
| Research and development expenses | -748.1 | -767.9 | -767.9 | - | - | - | -748.1 | -767.9 | -767.9 |
| Other operating income | 221.9 | 213.2 | 258.3 | -152.3 | -170.0 | -165.0 | 69.6 | 43.2 | 93.3 |
| Other operating expenses | -175.0 | -316.2 | -427.0 | 113.0 | 283.7 | 427.0 | -62.0 | -32.5 | 0.0 |
| **EBIT** | **1,220.4** | **973.6** | **834.1** | **-31.7** | **119.1** | **261.9** | **1,188.7** | **1,092.7** | **1,096.0** |
| *in % of revenues* | *8.8%* | *6.2%* | *5.1%* | - | - | - | *8.6%* | *6.9%* | *6.7%* |
| Total depreciations (throughout all functions) | 965.7 | 989.7 | 1,001.7 | -7.5 | -5.4 | 0.1 | 958.2 | 984.3 | 1,001.8 |
| **EBITDA** | **2,186.2** | **1,963.3** | **1,835.8** | **-39.3** | **113.7** | **262.0** | **2,146.9** | **2,077.0** | **2,097.8** |
| *in % of revenues* | *15.8%* | *12.4%* | *11.3%* | - | - | - | *15.5%* | *13.1%* | *12.9%* |
| Financial results | -98.0 | -121.3 | -258.5 | -24.0 | - | 46.5 | -122.0 | -121.3 | -212.0 |
| **Results from ordinary activities** | **1,122.4** | **852.3** | **575.6** | **-55.7** | **119.1** | **308.4** | **1,066.7** | **971.4** | **884.0** |
| Extraordinary results | - | - | - | 55.7 | -119.1 | -308.4 | 55.7 | -119.1 | -308.4 |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| **Income before tax** | **1,122.4** | **852.3** | **575.6** | **-** | **-** | **-** | **1,122.4** | **852.3** | **575.6** |
| *in % of revenues* | *8.1%* | *5.4%* | *3.5%* | - | - | - | *8.1%* | *5.4%* | *3.5%* |
| Taxes on income | -347.5 | -267.6 | -240.5 | - | - | - | -347.5 | -267.6 | -240.5 |
| *Effective tax rate (in %)* | *31.0%* | *31.4%* | *41.8%* | - | - | - | *31.0%* | *31.4%* | *41.8%* |
| **Annual result** | **774.9** | **584.6** | **335.2** | **-** | **-** | **-** | **774.9** | **584.6** | **335.2** |
| *in % of revenues* | *5.6%* | *3.7%* | *2.1%* | - | - | - | *5.6%* | *3.7%* | *2.1%* |
| Annual result for the Year accounting for Non-Controlling Int | 18.8 | 27.2 | 25.5 | - | - | - | 18.8 | 27.2 | 25.5 |

668. Within the cost of revenue, extraordinary depreciation in the amount of EUR 7.5 million in 2021 and EUR 5.4 million in 2022 was adjusted.

669. The adjustments made to other income include, in particular, income from the reversal of provisions, income from the valuation of hedging transactions recognized in profit or loss, government grants and income from currency effects. Income from the reversal of provisions mainly consisted of the reversal of provisions recognized in previous years in connection with personnel measures and initially fell from EUR 77.0 million in 2021 to EUR 1.0 million in 2022 and then increased to EUR 79.0 million. In addition, the reversal of provisions in connection with legal and procedural risks in the amount of EUR 13.0 million and the reversal of a provision in connection with the removal of contaminated sites and the restoration of usable land in the amount of EUR 21.0 million were adjusted in 2023. Government grants decreased slightly from EUR 33.0 million in 2021 to EUR 30.0 million in 2022 and EUR 27.0 million in 2023. In 2022 and 2023, income of EUR 107.0 million and EUR 6.0 million was recognized from the valuation through profit or loss of hedging transactions to hedge risks from changes in the energy price of energy purchased for own use at fair value. These mainly related to forward contracts for the purchase of electricity and gas. In addition, income from the remeasurement of the previously held equity interest in Schaeffler ByWire Technologie GmbH & Co. KG in the amount of EUR 29.0 m was recognized in 2022. In addition, income of EUR 40.0 m was recognized in 2021 from the refund of excess social security taxes paid in Brazil in the past. The netting of income and expenses from exchange rate effects resulted in income of EUR 2.3 million in 2021 and

EUR 26.0 million in 2023. In addition, a reversal of impairment losses on property, plant and equipment in the amount of EUR 3.0 million in 2022 and EUR 1.0 million in 2023 was adjusted. Other income was thus adjusted by EUR -152.3 million in 2021, EUR -170.0 million in 2022 and EUR -165.0 million in 2023.

670. The adjustments made to other expenses mainly comprise expenses from currency effects, expenses in connection with personnel measures, expenses from impairment and disposal losses in connection with the sale of companies and the planned sale of companies, expenses from the valuation of financial instruments recognized in profit or loss and expenses for the removal of contaminated sites and the restoration of usable land. Expenses from currency effects mainly consisted of trade transactions and forward exchange transactions. The netting of income and expenses from currency effects resulted in an expense of EUR 97.9 million in the 2022 financial year. Expenses in connection with personnel measures (benefits in connection with the termination of employment contracts) initially increased from EUR 35.0 million in 2021 to EUR 111.0 million in 2022 and then fell to EUR 24.0 million in 2023. In 2022, around EUR 102.0 m of this was attributable to the recognition of a provision in connection with further structural measures resolved by the executive board Schaeffler AG on November 7, 2022 to reduce structural overcapacity and lower fixed costs. In addition, expenses of EUR 11.0 million, EUR 23.0 million and EUR 21.0 million were recognized in 2021, 2022 and 2023, respectively, in connection with the impairment and loss on disposal relating to the sale of companies and the planned sale of companies. In 2021, expenses of EUR 25.0 million were recognized for the removal of contaminated sites and the restoration of usable land. In 2021 and 2023, provisions for legal and procedural risks in the amount of EUR 10.0 million and EUR 28.0 million respectively were also recognized. Furthermore, expenses of EUR 11.0 million in 2022 and EUR 142.0 million in 2023 were recognized from the valuation of financial instruments through profit or loss to hedge risks from changes in energy prices for energy purchased for own use at fair value. These mainly related to short-, medium- and long-term price and supply agreements. In 2023, expenses from the fair value valuation of the obligation to acquire the tendered shares as part of the public purchase offer to the shareholders of Vitesco AG in the amount of EUR 188.0 million were recognized, which were also adjusted. In addition, impairments of right-of-use assets, property, plant and equipment and contract fulfilment costs in the amount of EUR 32.0 million in 2021, EUR 40.8 million in 2022 and EUR 32.0 million in 2023 were adjusted. Other expenses were thus adjusted by EUR -113.0 million in 2021, EUR -283.7 million in 2022 and EUR -427.0 million in 2023.

671. In 2021, a one-off effect led to interest income of EUR 24.0 million, which was also adjusted. This relates to other income from interest on overpaid social taxes in Brazil in the past. In 2023, an expense of EUR 46.5 million from the fair value valuation of embedded derivatives of a total return swap ("TRS") was recognized in net interest income, which was also adjusted. The TRS was concluded with Bank of America for the acquisition of 3,600,000 Vitesco shares with cash settlement and no legal entitlement to shares.

672. Schaeffler's adjusted results of operations for the financial years 2021 to 2023 in accordance with IFRS are described below:

## Description of the adjusted, historical earnings position

| Adjusted Profit & Loss Statement | Historical (adj.) | | | Projection | | | | |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| **Revenues** | **13,851.6** | **15,809.1** | **16,312.9** | **17,073.8** | **18,155.1** | **19,759.1** | **21,465.3** | **22,690.2** |
| *growth (yoy)* | - | *14.1%* | *3.2%* | *4.7%* | *6.3%* | *8.8%* | *8.6%* | *5.7%* |
| Cost of sales | -10,404.6 | -12,224.3 | -12,717.0 | -13,197.7 | -14,009.1 | -15,269.1 | -16,631.3 | -17,542.8 |
| **Gross profit** | **3,447.0** | **3,584.8** | **3,595.9** | **3,876.1** | **4,146.0** | **4,490.0** | **4,834.0** | **5,147.4** |
| *in % of revenues* | *24.9%* | *22.7%* | *22.0%* | *22.7%* | *22.8%* | *22.7%* | *22.5%* | *22.7%* |
| Selling and administrative expenses | -1,517.9 | -1,734.9 | -1,825.3 | -1,843.2 | -1,962.9 | -2,053.3 | -2,173.5 | -2,181.6 |
| Research and development expenses | -748.1 | -767.9 | -767.9 | -792.1 | -801.4 | -800.7 | -784.6 | -772.9 |
| Other operating income | 69.6 | 43.2 | 93.3 | 43.1 | 3.1 | 4.5 | 5.5 | 5.8 |
| Other operating expenses | -62.0 | -32.5 | 0.0 | -48.8 | -2.5 | -27.2 | -64.2 | -53.3 |
| **EBIT** | **1,188.7** | **1,092.7** | **1,096.0** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** |
| *in % of revenues* | *8.6%* | *6.9%* | *6.7%* | *7.2%* | *7.6%* | *8.2%* | *8.5%* | *9.5%* |
| Total depreciations (throughout all functions) | 958.2 | 984.3 | 1,001.8 | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 |
| **EBITDA** | **2,146.9** | **2,077.0** | **2,097.8** | **2,245.0** | **2,381.8** | **2,613.7** | **2,827.8** | **3,177.8** |
| *in % of revenues* | *15.5%* | *13.1%* | *12.9%* | *13.1%* | *13.1%* | *13.2%* | *13.2%* | *14.0%* |
| Financial results | -122.0 | -121.3 | -212.0 | -346.9 | -330.1 | -336.3 | -342.4 | -361.4 |
| **Results from ordinary activities** | **1,066.7** | **971.4** | **884.0** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** |
| Extraordinary results | 55.7 | -119.1 | -308.4 | - | - | - | - | - |
| **Income before tax** | **1,122.4** | **852.3** | **575.6** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** |
| *in % of revenues* | *8.1%* | *5.4%* | *3.5%* | *5.2%* | *5.8%* | *6.5%* | *6.9%* | *7.9%* |
| Taxes on income | -347.5 | -267.6 | -240.5 | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 |
| *Effective tax rate (in %)* | *31.0%* | *31.4%* | *41.8%* | *33.2%* | *26.8%* | *25.8%* | *26.0%* | *25.6%* |
| **Annual result** | **774.9** | **584.6** | **335.2** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** |
| *in % of revenues* | *5.6%* | *3.7%* | *2.1%* | *3.5%* | *4.2%* | *4.8%* | *5.1%* | *5.9%* |
| Annual result for the Year accounting for Non-Controlling I | 18.8 | 27.2 | 25.5 | - | - | - | - | - |

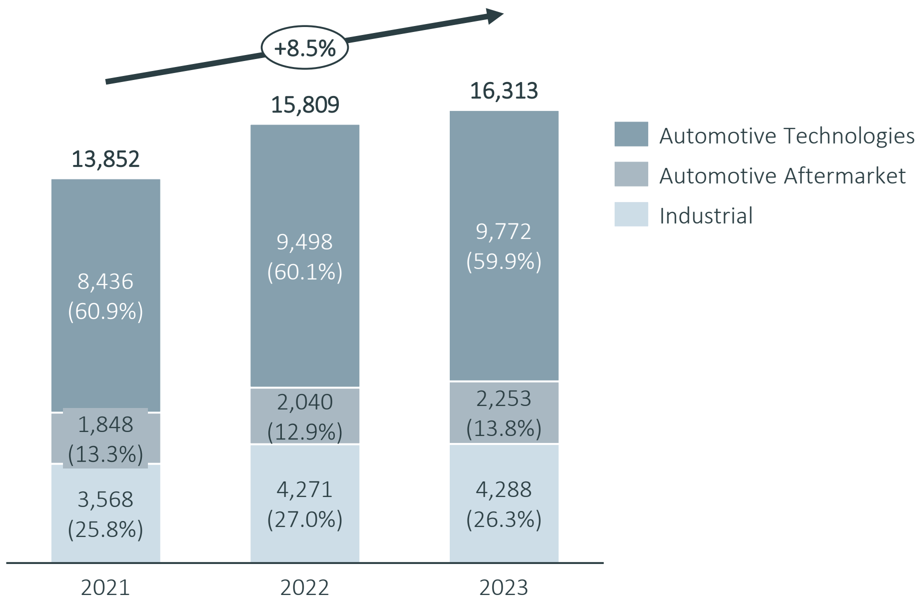
673. Schaeffler generates revenue from the sale of goods in the Automotive Technologies, Automotive Aftermarket, and Industrial segments. In general, revenue can be categorized into revenue from the sale of goods, revenue from the sale of customer-specific products, revenue from the sale of tools, and revenue from other services. In the case of revenue from the sale of goods and revenue from the sale of tools, the time of revenue recognition generally coincides with the time of delivery, depending on the customer contract and the order. The payment terms for performance obligations from customer contracts are usually between 30 and 60 days after invoicing, which generally takes place at the time of performance. Revenue from the sale of customer-specific products is recognized over the period when there is an enforceable claim for payment for services rendered in the amount of the costs incurred and an appropriate profit margin. Revenue from other services is mainly recognized at a point in time when the service is completed.

674. Despite ongoing challenges due to the Covid-19 pandemic, global supply bottlenecks, and material shortages in the semiconductor sector, revenue increased significantly from EUR 13,851.6

m in 2021 to EUR 15,809.1 m in 2022. Revenue growth amounted to 14.1% in 2022. In 2023, Schaeffler's revenue increased further by 3.2% to EUR 16,312.9 m.[201]

675. The development in 2022 was mainly due to an increase in volume in the Automotive Technologies and Industrial segments. In addition, positive revenue price effects in the three segments also contributed to the revenue trend, particularly as the increased factor input costs were largely passed on to the market. All three divisions contributed to the positive development in the 2023 financial year. The Automotive Technologies and Automotive Aftermarket divisions in particular achieved significant improvements in revenue. Revenue by segment is as follows:

**Revenue by segment (in EUR m)**




676. Revenue in the Automotive Technologies segment increased by around 12.6% from EUR 8,436.0 million in 2021 to EUR 9,497.7 million in 2022. In the Automotive Technologies segment, a market-related increase in demand and a lower basis for comparison in 2021 due to supply bottlenecks were the main drivers of revenue growth. The focus was increasingly on electromobility. This was reflected in the significant increase in revenue and the growing number of nominations for customer projects in the field of e-mobility within the Automotive Technologies segment. The Chassis Systems division also contributed to the Automotive Technologies segment's strong revenue growth in 2022 with market-driven volume growth and product ramp-ups. In 2023, the segment's revenue increased by 2.9% to EUR 9,772.0 million. This growth resulted in particular from a market-driven increase in volumes in the Engine & Transmission Systems, Bearings and Chassis Systems divisions, especially in the Europe region. In the E-Mobility division, Schaeffler was able to offset the decline in revenue in the Greater China region with growth in the other regions, particularly in the Europe region. The structural devel-

[201] Schaeffler's year-on-year growth in revenue at constant currency as reported externally was 9.4% in 2022 and 5.8% in 2023.

opment in the Greater China region in 2023 reduced local demand from globally active automobile manufacturers, which could only be partially offset by additional growth with local automobile manufacturers.

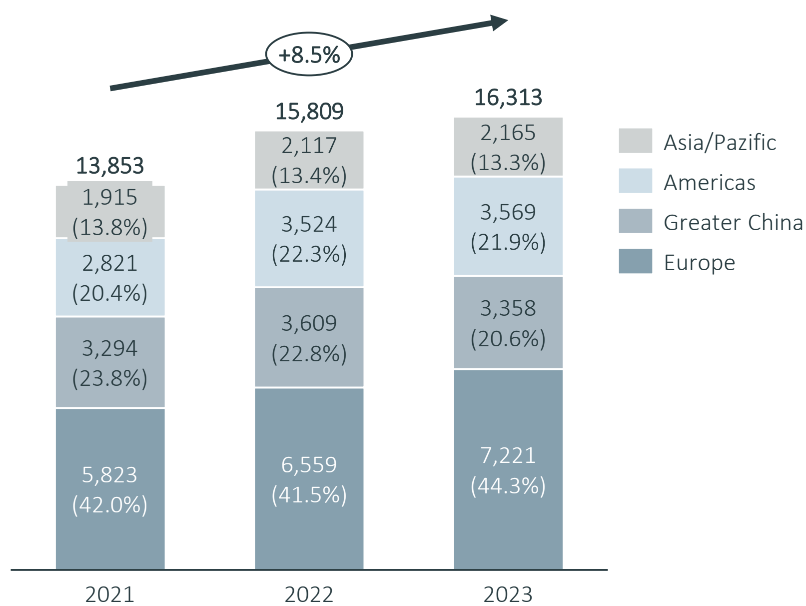
677. Revenue in the Automotive Aftermarket segment increased by around 10.4% from EUR 1,848.0 million in 2021 to EUR 2,040.4 million in 2022. The increase in revenue in 2022 resulted in particular from positive revenue price effects in all regions. The significant increase in procurement costs was largely passed on to the market via revenue price adjustments. Volume effects also had a positive impact on the revenue trend. The segment's revenue growth in 2022 was driven in particular by developments in the Europe region. In addition to positive price effects, this was also due to volume growth in the second half of 2022. Overall, the significant decline in volume in the Independent Aftermarket segment in the Central & Eastern Europe subregion, particularly in Russia, Belarus and Ukraine as a result of the war in Ukraine, was more than offset by volume growth in the Western Europe and Middle East & Africa subregions. In the Americas region, revenue growth also resulted from positive revenue price effects. The revenue volume in the Americas region declined overall, as the volume decline in the Automotive OES segment in the U.S. & Canada subregion in particular could not be fully offset by volume growth in the Independent Aftermarket segment in the South America and Mexico subregions. In the Greater China region, the positive revenue trend was largely driven by volume growth in the E-Commerce division. The significant growth in the Asia/Pacific region was due in particular to the increase in volume in the Independent Aftermarket division in India. In 2023, the segment's revenue increased by 10.4% to EUR 2,253.0 million due to positive volume and revenue price effects. The revenue growth in the Europe region was mainly due to a significant increase in the Independent Aftermarket business in Central and Eastern Europe. In the Americas region, the currency-adjusted increase in revenue was due in particular to the positive development of the Independent Aftermarket business in South America, while the Automotive OES business in the USA also recorded growth. In Greater China, the significant increase in e-commerce business was the main contributor to revenue growth. In the Asia/Pacific region, growth in the Independent Aftermarket and Automotive OES business in India and Southeast Asia were the main drivers of revenue development. In addition, the revenue contribution of the e-commerce platform Koovers, which was acquired in the reporting year, had a positive effect on development.

678. Revenue in the Industrial segment increased by around 19.7% from EUR 3,567.6 million in 2021 to EUR 4,270.9 million in 2022. The growth in revenue in 2022 is due in particular to the strong increase in volume. Revenue price effects also had a positive impact on the revenue trend, as significantly higher procurement costs could be passed on to the market mainly via revenue price adjustments. The main driver of revenue growth was the Europe region, which recorded significant volume growth compared to 2021, particularly in the Industrial Distribution segment and the Industrial Automation sector cluster. In addition, revenue in the Offroad, Raw Materials and Power Transmission sector clusters increased by a double-digit percentage. The revenue trend in the Americas region was attributable to both the increase in volume and positive revenue price effects in the Industrial Distribution segment and the Offroad and Raw Materials sector clusters. The increase in revenue in the Greater China region in 2022 was mainly due to the rise in volume in the Raw Materials and Industrial Automation sector clusters. The wind

sector cluster with the highest revenue in the Greater China region was able to increase revenue slightly overall in 2022 as a result of the strong second half of 2022. The Asia/Pacific region increased its revenue primarily due to volume growth in the Industrial Distribution sector and the Two-Wheelers sector cluster. In 2023, the segment's revenue increased by 0.4% to EUR 4,287.9 million. The slight increase is primarily due to the revenue contribution of EUR 219.0 million from the Ewellix Group, which was acquired at the beginning of 2023. The decline in revenue volume due to the weak market environment in the Greater China region was not fully offset by positive revenue price effects. The contribution of the Ewellix Group was allocated to the Industrial Automation segment. Revenue growth in the Europe region was mainly due to increases in the Industrial Automation, Rail and Raw Materials divisions, while Industrial Distribution saw a decline. In the Americas region, revenue growth was primarily attributable to the Industrial Automation and Distribution divisions. In the Greater China region, the weak market environment had a negative impact on revenue development, particularly in the Wind, Power Transmission and Off-road divisions, while the Industrial Automation division performed positively. In the Asia/Pacific region, revenue growth was largely driven by the performance of Industrial Distribution. In addition, the Rail and Raw Materials divisions achieved relatively strong growth rates, while the Wind division in particular declined.

679. Revenue by region for the years 2021 to 2023 are as follows

**Revenue by region (in EUR m)**




680. The cost of revenue increased from EUR 10,404.6 million in 2021 to EUR 12,224.3 million in 2022 and EUR 12,717.0 million in 2023. The increase essentially corresponds to the increase in revenue. Nevertheless, the cost of revenue rose faster than revenue, meaning that the gross profit margin deteriorated from 24.9% in 2021 to 22.0% in 2023. The lower level of the gross profit margin in 2023 is primarily due to special events at the plants. These include special bur-

dens from the ramp-up of new plants, plant closures and relocations, start-up costs in connection with the introduction of series projects and the reduction of surplus staff. In addition, a restructuring program adopted by the executive board in 2020 expired in 2023. Overall, two main objectives were pursued: reducing structural overcapacity and consolidating production sites in Europe, particularly in Germany, as well as strengthening competitiveness and expanding expertise at selected German production sites. However, the costs of the expired restructuring measures of this program were still reflected in the gross profit margin in 2023. Such special effects are adjusted in EBIT, but still have an impact on the gross profit margin. In addition, the significant increase in procurement costs due to high inflation did not fully compensate for the revenue price adjustments. Expenses from the consumption of inventories, which are recognized within the cost of revenue, amounted to EUR 10,202.0 million in 2021, EUR 11,964.0 million in 2022 and EUR 12,346.0 million in 2023. Development costs for all customer projects that are not considered technically new within the scope of the recognition criteria of IAS 38 are capitalized as contract fulfilment costs from the date on which a series supply contract with the customer is highly probable and allocated as cost of revenue over the term of series production. In addition, depreciation for intangible assets in the amount of EUR 17.0 million in 2021, EUR 18.0 million in 2022 and EUR 51.0 million in 2023 was recognized within cost of revenue.

681. Operating costs increased from EUR 1,517.9 million in 2021 to EUR 1,734.9 million in 2022 and EUR 1,825.3 million in 2023. Operating costs include costs for revenue and general administration. Selling expenses increased from EUR 977.5 million in 2021 to EUR 1,125.9 million in 2022 and EUR 1,176.1 million in 2023. The increase in 2022 was driven by volume- and price-related cost increases for warehousing and freight in the Automotive Aftermarket and Industrial segments. Depreciation of intangible assets in the amount of EUR 1.0 million was recognized in 2021 and 2022 and EUR 2.0 million in 2023 within selling expenses. General and administrative expenses increased from EUR 540.4 million in 2021 to EUR 609.0 million in 2022 and EUR 649.3 million in 2023. The increase is due to increased digitalization and sustainability activities. Depreciation of intangible assets in the amount of EUR 4.0 million in 2021, EUR 3.0 million in 2022 and EUR 4.0 million in 2023 was recognized within general and administrative expenses.

682. Schaeffler's R&D expenses increased from EUR 748.1 m in 2021 to EUR 767.9 m in 2022 and 2023. The increase in 2022 is mainly due to expenses in the areas of robotization and hydrogen. However, the R&D ratio (as a percentage of revenue) fell from 5.4% in 2021 to 4.9% in 2022 and 4.7% in 2023. The average number of employees in R&D increased from 7,414 in 2021 to 7,447 in 2022 and 7,797 in 2023. In 2021 and 2022, Schaeffler also filed 1,806 and 1,266 patent applications with the German Patent and Trademark Office, respectively, placing Schaeffler third in 2021 and fourth in 2022 in the ranking of Germany's most innovative companies. Schaeffler employees also filed 2,761 internal invention disclosures in 2021, 2,201 in 2022, and 2,017 in 2023. Schaeffler has defined the "*Innovation-to-business*" strategy to identify potential for sustainable products in dynamic and complex market environments at an early stage. The innovation strategy is based on six product and two production innovation clusters (6+2 innovation clusters), which are designed to provide a clear focus and valuation of the market potential of new product ideas. The innovation clusters are organized in a global project house.

Industrialization follows customer and market requirements. The 6+2 innovation clusters are part of the cross-divisional "Innovation & Technology" sub-program of the "Roadmap 2025".

683. Schaeffler has defined the following *6+2 innovation clusters*:

1) Energy Solutions: Development of new technologies for a sustainable energy chain,

2) Material Solutions: Development of materials and coatings for applications in all product families,

3) eDrive Solutions: Development of electric drive systems and their core components, i.e. electric motors, power electronics and software as well as the next generation of associated mechanical transmission and bearing components,

4) Mobility Solutions: effective implementation of electric drive systems and automated driving as well as fundamentally new mobility concepts,

5) Robotics Solutions: Development of system solutions for the robotics, medical and machine tool industries,

6) Digital Solutions: Development of intelligent embedded systems, condition monitoring and digital services.

+1) Advanced Manufacturing: Development of innovative manufacturing technologies up to industrialization maturity,

+2) New Production Concepts: Development of modular and flexible production concepts.

684. Adjusted other income initially fell from EUR 69.6 million in 2021 to EUR 43.2 million in 2022 and then increased to EUR 93.3 million in 2023. In 2023, adjusted other income mainly comprised income from the sale of real estate and land in the amount of EUR 49.0 million. Adjusted other expenses initially fell from EUR -62.0 million in 2021 to EUR -32.5 million in 2022.

685. Unadjusted earnings before interest and taxes (EBIT) fell from EUR 973.6 million in 2022 to EUR 834.1 million in 2023. The decline in 2023 is due on the one hand to the decline in the gross margin, which in turn is due to changes in the Industrial segment's revenue mix, in particular the market conditions in the Greater China region and the overall lower production volume. On the other hand, expenses from the valuation of financial instruments recognized in profit or loss to hedge risks from changes in the price of energy purchased for own consumption also reduced unadjusted EBIT. These are special effects that were taken into account as part of the historical earnings situation adjustments. In addition, revenue and general administration costs were higher than in the previous year. The acquisition of the Ewellix Group also had a dilutive effect on the EBIT margin before special items due to structural effects .

686. Adjusted EBIT initially decreased from EUR 1,188.7 million in 2021 to EUR 1,092.7 million in 2022 due to the circumstances described above and then increased marginally to EUR 1,096.0

million in 2023. Schaeffler's adjusted EBIT margin thus initially decreased from 8.6% in 2021 to 6.9% in 2021 and 6.7% in 2023.

687. Depreciation and amortization amounted to EUR 958.2 million in 2021, EUR 984.3 million in 2022 and EUR 1,001.8 million in 2023, with amortization of intangible assets amounting to EUR 26.0 million in 2021, EUR 26.0 million in 2022 and EUR 69.0 million in 2023. Depreciation of right-of-use assets from lease liabilities amounted to EUR 59.0 million in 2021, EUR 64.0 million in 2022 and EUR 71.0 million in 2023. Depreciation of property, plant and equipment increased from EUR 865.0 million in 2021 to EUR 880.0 million in 2022 and then fell to EUR 848.0 million in 2023. Of this, around EUR 656.0 million is attributable to technical equipment and machinery in 2023.

688. Adjusted EBITDA fell from EUR 2,146.9 million in 2021 to EUR 2,077.0 million in 2022. The EBITDA margin fell from 15.5% in 2021 to 13.1% in 2022. This was primarily due to the sharp rise in the cost of revenue. In 2023, adjusted EBITDA increased slightly to EUR 2,097.8 million. By contrast, the EBITDA margin fell slightly to 12.9%. The slight decline in the margin is due in particular to the marginally higher cost of revenue ratio.

689. The adjusted financial result includes interest expenses for financial liabilities, impact from foreign currency translation and derivatives, interest effects from pensions and partial retirement obligations as well as other interest effects. The largest item is interest expenses for financial liabilities. In 2023, interest expenses for financial liabilities increased, which is due to a loan of EUR 500.0 million being taken out in the first quarter of 2023 and higher variable interest rates.

690. The adjusted financial result deteriorated from EUR -122.0 million in 2021 to EUR -212.0 million in 2023. Interest expenses for financial liabilities initially fell from EUR -108.0 million in 2021 to EUR -99.0 million in 2022 and then increased to EUR -137.0 million in 2023. The increase in interest expenses for financial liabilities is due to the drawing down of two loans of EUR 625 million during the 2023 financial year and the increase in variable interest rates. The higher interest rates also had a negative impact on the interest effects relating to pension obligations and partial retirement obligations in 2023. The effects of foreign currency translation and derivatives resulted in expenses of EUR -0.8 million in 2021 and EUR -27.5 million in 2022. These are mainly due to the depreciation of the euro against the US dollar. In 2023, there was income from the effects of foreign currency translation and derivatives of around EUR 5.3 million. Interest effects from pensions and partial retirement obligations increased from EUR -18.0 million in 2021 to EUR -25.0 million in 2022 and EUR -60.0 million in 2023. Other interest and income increased from EUR 28.8 million in 2021 to EUR 30.2 million in 2022. The other effects in 2022 mainly resulted from the interest on bank balances in countries with foreign exchange

restrictions and the change in the interest rate for provisions (anniversary and death benefits, etc.). In 2023, the adjusted other interest and income fell to EUR -20.3 million.

691. In the "extraordinary result", the adjustments made are corrected so that earnings before taxes and net income for the year correspond to the actual figures reported in the annual report.

692. Income taxes amounted to EUR -347.5 million in 2021, EUR -267.6 million in 2022 and EUR -240.5 million in 2023. This corresponds to an Effective Tax Rate of 31.0% in 2021, 31.4% in 2022 and 41.8% in 2023. Taxes comprised current income taxes (current tax expense and adjustments to current income taxes incurred in previous years) on the one hand and deferred taxes on the other. Current income taxes fell from EUR -378.0 million in 2021 to EUR -364.0 million in 2022 and to EUR -355.0 million in 2023. The change in the effective tax rate in 2022 was mainly due to higher non-deductible expenses. Their increase in 2022 is due in particular to higher deferred tax liabilities from planned dividend distributions from subsidiaries and higher withholding taxes. This was offset by the recognition of previously unrecognized deferred taxes on temporary differences and tax loss carry forwards. The increase in the effective tax rate in 2023 was mainly due to permanent differences in connection with the planned business combination with Vitesco. These are not part of Schaeffler's business plan or were adjusted as part of the valuation. There were also negative effects from the value adjustment or non-recognition of deferred taxes on temporary differences and tax loss carry forwards. This was offset by income from taxes relating to other periods.

693. Schaeffler's annual result decreased from EUR 774.9 million in 2021 to EUR 584.6 million in 2022 and EUR 335.2 million in 2023. As a percentage of revenue, the annual result thus deteriorated from 5.6% in 2021 to 3.7% in 2022 and 2.1% in 2023. The deterioration is due in particular to the stronger increase in cost of revenue relative to revenue in 2022 and the high special items as well as the relatively high interest expenses and tax expenses in 2023.

694. The result attributable to minority interests initially rose from EUR 18.8 million in 2021 to EUR 27.2 million in 2022 and then fell to EUR 25.5 million in 2023.

#### 5.1.5.2 Assets and financial position

695. Schaeffler's historical assets and financial position as of December 31, 2021 to 2023, are presented below in accordance with IFRS. In addition, adjustments are made for i) assets held for sale, ii) other financial assets, and ii) other financial liabilities. These adjustments are subsequently taken into account as special items as part of the value derivation. Due to the aforementioned valuation adjustments, comparability of the historical assets and financial position in the 2023 financial year with the two previous years presented is limited in some cases.

## Adjustments to the historical assets and financial position

### *Assets*

| Assets | Historical (unadj.) | | | Adjustments | | | Historical (adj.) | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| **Intangible assets** | **496.8** | **916.3** | **1,617.1** | **-** | **-** | **-** | **496.8** | **916.3** | **1,617.1** |
| Right-of-use assets under leases | 208.1 | 221.6 | 236.0 | - | - | - | 208.1 | 221.6 | 236.0 |
| Property, plant and equipment | 4,748.0 | 4,606.7 | 4,554.9 | - | - | - | 4,748.0 | 4,606.7 | 4,554.9 |
| **Tangible assets** | **4,956.0** | **4,828.3** | **4,791.0** | **-** | **-** | **-** | **4,956.0** | **4,828.3** | **4,791.0** |
| Investments in joint ventures and associated companies | 70.3 | 6.6 | 7.1 | - | - | - | 70.3 | 6.6 | 7.1 |
| Other financial assets | 209.0 | 215.8 | 191.9 | - | - | -119.7 | 209.0 | 215.8 | 72.2 |
| Other assets | 244.1 | 190.6 | 174.4 | - | - | - | 244.1 | 190.6 | 174.4 |
| Income tax receivables | 9.2 | 10.9 | 75.5 | - | - | - | 9.2 | 10.9 | 75.5 |
| Deferred tax assets | 842.2 | 661.5 | 783.4 | - | - | - | 842.2 | 661.5 | 783.4 |
| **Financial assets** | **1,741.6** | **1,435.5** | **1,562.6** | **-** | **-** | **-119.7** | **1,741.6** | **1,435.5** | **1,442.9** |
| **Fixed assets** | **7,194.4** | **7,180.0** | **7,970.7** | **-** | **-** | **-119.7** | **7,194.4** | **7,180.0** | **7,851.0** |
| **Inventories** | **2,495.0** | **2,795.7** | **2,812.3** | **-** | **-** | **-** | **2,495.0** | **2,795.7** | **2,812.3** |
| **Contract assets** | **52.0** | **54.5** | **65.2** | **-** | **-** | **-** | **52.0** | **54.5** | **65.2** |
| **Receivables and other assets** | **2,273.6** | **2,519.0** | **2,574.7** | **-** | **-** | **-** | **2,273.6** | **2,519.0** | **2,574.7** |
| **Cash and cash equivalents** | **1,822.0** | **1,062.7** | **768.9** | **-** | **-** | **-** | **1,822.0** | **1,062.7** | **768.9** |
| Other financial assets | 79.6 | 204.7 | 388.9 | - | - | -214.9 | 79.6 | 204.7 | 174.0 |
| Other assets | 324.4 | 363.9 | 363.2 | - | - | - | 324.4 | 363.9 | 363.2 |
| Income tax receivables | 46.2 | 45.5 | 37.8 | - | - | - | 46.2 | 45.5 | 37.8 |
| Assets held for sale | 77.1 | 58.3 | 24.5 | - | - | -24.5 | 77.1 | 58.3 | - |
| **Other current assets** | **527.2** | **672.4** | **814.4** | **-** | **-** | **-239.4** | **527.2** | **672.4** | **575.0** |
| **Current assets** | **7,169.7** | **7,104.3** | **7,035.5** | **-** | **-** | **-239.4** | **7,169.7** | **7,104.3** | **6,796.1** |
| **Total assets** | **14,364.2** | **14,284.3** | **15,006.2** | **-** | **-** | **-359.1** | **14,364.2** | **14,284.3** | **14,647.1** |

696. The item other financial assets within financial assets was adjusted as of December 31, 2023 for the non-consolidated investments (i.e. not shown in the business plan) at their fair value in the amount of EUR 119.7 million. Equity was reduced by EUR 119.7 million as an offsetting item.

697. As of December 31, 2023, other financial assets within other current assets included an increase in other financial assets due to the fair value valuation of a derivative in connection with a TRS entered into in EUR 214.9 million. The TRS was entered into with Bank of America in 2023 to acquire 3,600,000 Vitesco shares with cash settlement and no legal right to receive shares. Upon entering into the TRS on October 9, 2023, Schaeffler had already deposited 80% of the TRS amount, or EUR 261.4 m, with Bank of America as cash collateral, reducing Schaeffler's cash and cash equivalents. At the same time, the amount deposited as cash collateral for the TRS was recognized as other financial asset. As of December 31, 2023, this other financial asset was measured at fair value at EUR 214.9 m, which is attributable to the lower stock price of the Vitesco share compared to October 9, 2023. As Schaeffler's investment in Vitesco is considered separately for valuation purposes and taken into account as a Special item in the value derivation, the other financial assets were adjusted by EUR 214.9 million. The cash and cash equivalents were not adjusted. Cash and cash equivalents were not adjusted as the cash outflow had already taken place. Equity was therefore reduced by EUR 214.9 million as an offsetting item.

698. The assets held for sale were adjusted in full (EUR 24.5 million) and subsequently taken into account as special items in the context of the value derivation. Equity was also reduced by EUR 24.5 million.

### *Equity & Liabilities*

| **Equity & Liabilities** | Historical (unadj.) | | | Adjustments | | | Historical (adj.) | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR Mio. | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| **Equity** | **3,165.0** | **4,141.1** | **3,906.5** | **-** | **-** | **-171.1** | **3,165.0** | **4,141.1** | **3,735.4** |
| Provisions (non-interest bearing) | 586.0 | 78.8 | 158.0 | - | - | - | 586.0 | 78.8 | 158.0 |
| Deferred tax liabilities | 169.1 | 191.6 | 198.6 | - | - | - | 169.1 | 191.6 | 198.6 |
| **Provisions** | **755.1** | **270.5** | **356.6** | **-** | **-** | **-** | **755.1** | **270.5** | **356.6** |
| Bonds | 3,480.0 | 2,939.0 | 2,943.0 | - | - | - | 3,480.0 | 2,939.0 | 2,943.0 |
| Promissory note | 297.0 | 297.0 | 292.0 | - | - | - | 297.0 | 297.0 | 292.0 |
| Term loan | - | - | 624.0 | - | - | - | - | - | 624.0 |
| Credit in current account | -1.0 | - | - | - | - | - | -1.0 | - | - |
| Commercial paper | - | 50.0 | 90.0 | - | - | - | - | 50.0 | 90.0 |
| Lease liabilities | 211.0 | 218.6 | 238.4 | - | - | - | 211.0 | 218.6 | 238.4 |
| Other financial liabilities | - | 12.0 | 9.0 | - | - | - | - | 12.0 | 9.0 |
| Provisions for pensions and similar obligations | 2,453.6 | 1,605.8 | 1,832.3 | - | - | - | 2,453.6 | 1,605.8 | 1,832.3 |
| Provisions (interest bearing) | 210.0 | 613.0 | 363.0 | - | - | - | 210.0 | 613.0 | 363.0 |
| **Interest bearing liabilities** | **6,650.6** | **5,735.4** | **6,391.7** | **-** | **-** | | **6,650.6** | **5,735.4** | **6,391.7** |
| Trade payables | 2,068.2 | 2,338.7 | 2,357.4 | - | - | - | 2,068.2 | 2,338.7 | 2,357.4 |
| Contract liabilities | 211.7 | 312.4 | 309.1 | - | - | - | 211.7 | 312.4 | 309.1 |
| Income tax payables | 153.5 | 155.0 | 176.0 | - | - | - | 153.5 | 155.0 | 176.0 |
| Liabilities associated with assets held for sale | 30.1 | 4.6 | - | - | - | - | 30.1 | 4.6 | - |
| Refund liabilities | 274.2 | 263.0 | 282.1 | - | - | - | 274.2 | 263.0 | 282.1 |
| Other financial liabilities | 758.1 | 715.2 | 901.9 | - | - | -188.0 | 758.1 | 715.2 | 713.9 |
| Other liabilities | 297.7 | 348.4 | 325.1 | - | - | - | 297.7 | 348.4 | 325.1 |
| **Non-interest bearing liabilities** | **3,793.5** | **4,137.3** | **4,351.5** | **-** | **-** | **-188.0** | **3,793.5** | **4,137.3** | **4,163.5** |
| **Total equity and liabilities** | **14,364.2** | **14,284.3** | **15,006.2** | **-** | **-** | **-359.1** | **14,364.2** | **14,284.3** | **14,647.1** |

699. As of December 31, 2023, other financial liabilities included the fair value measurement of the obligation to acquire the shares tendered in the public Tender Offer to the shareholders of Vitesco AG in the amount of EUR 188.0 million. Similar to the adjusted Profit & Loss Statement of Schaeffler, this item is adjusted within the Balance Sheet. Equity was increased by EUR 188.0 million as an offsetting item.

700. As a result of the adjustments explained above, equity was reduced by a total of EUR 171.1 million as of December 31, 2023.

Description of the adjusted, historical assets and financial position

*Assets*

701. The following table presents Schaeffler's adjusted assets as of December 31 of the financial years 2021 to 2023 in accordance with IFRS:

| **Assets** | **Historical (adj.)** | | |
|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 |
| **Intangible assets** | **496.8** | **916.3** | **1,617.1** |
| Right-of-use assets under leases | 208.1 | 221.6 | 236.0 |
| Property, plant and equipment | 4,748.0 | 4,606.7 | 4,554.9 |
| **Tangible assets** | **4,956.0** | **4,828.3** | **4,791.0** |
| Investments in joint ventures and associated companies | 70.3 | 6.6 | 7.1 |
| Other financial assets | 209.0 | 215.8 | 72.2 |
| Other assets | 244.1 | 190.6 | 174.4 |
| Income tax receivables | 9.2 | 10.9 | 75.5 |
| Deferred tax assets | 842.2 | 661.5 | 783.4 |
| **Financial assets** | **1,741.6** | **1,435.5** | **1,442.9** |
| **Fixed assets** | **7,194.4** | **7,180.0** | **7,851.0** |
| **Inventories** | **2,495.0** | **2,795.7** | **2,812.3** |
| **Contract assets** | **52.0** | **54.5** | **65.2** |
| **Receivables and other assets** | **2,273.6** | **2,519.0** | **2,574.7** |
| **Cash and cash equivalents** | **1,822.0** | **1,062.7** | **768.9** |
| Other financial assets | 79.6 | 204.7 | 174.0 |
| Other assets | 324.4 | 363.9 | 363.2 |
| Income tax receivables | 46.2 | 45.5 | 37.8 |
| Assets held for sale | 77.1 | 58.3 | - |
| **Other current assets** | **527.2** | **672.4** | **575.0** |
| **Current assets** | **7,169.7** | **7,104.3** | **6,796.1** |
| **Total assets** | **14,364.2** | **14,284.3** | **14,647.1** |

702. Schaeffler's total assets decreased from EUR 14,364.2 m in 2021 to EUR 14,284.3 m in 2022 and increased to EUR 14,647.1 m in 2023.

703. Intangible assets consist mainly (61% in 2023) of goodwill arising from business combinations and, to a lesser extent, of acquired intangible assets and internally generated intangible assets in the form of development costs. The increase in intangible assets from EUR 496.8 m to EUR 916.3 m in 2022 is due, on the one hand, to the goodwill acquired in connection with the acquisitions of Schaeffler Ultra Precision Drives GmbH, a manufacturer of precision gearboxes for robotics and automation applications, Schaeffler ByWire Technologie GmbH & Co. KG, a developer of digital steering technology, and CERASPIN S.a.r.l., a developer and manufacturer of ceramic products for rolling elements. On the other hand, the increase in 2022 results from technologies acquired as part of the acquisition of Schaeffler ByWire Technologie GmbH & Co. KG and the increase in assets not yet available for use for software applications. The further

increase to EUR 1,617.1 m in 2023 results in particular from the goodwill of EUR 421.0 m added as part of the acquisition of the Ewellix Group.

704. Property, plant and equipment represent one of the most significant items of Schaeffler's assets as of December 31, 2023, accounting for more than 30% of total assets. Schaeffler's property, plant, and equipment mainly consists of technical equipment and machinery. In addition to other equipment and construction in progress, land and buildings represent a smaller portion of property, plant and equipment. The decrease in property, plant and equipment from EUR 4,748.0 m in 2021 to EUR 4,606.7 m in 2022 and EUR 4,554.9 m in 2023 is due to a decline in technical equipment and machinery as well as land and buildings. As of December 31, 2023, technical equipment and machinery amounted to EUR 2,072.0 million, land and buildings to EUR 1,297.0 million and assets under construction to EUR 840.0 million.

705. Right-of-use assets from leases are also allocated to property, plant and equipment. The right-of-use assets mainly relate to properties and buildings. In addition, the vehicle fleet, production equipment and technical equipment and machinery are also part of the right-of-use assets. The right-of-use assets increased continuously from EUR 208.1 million in 2021 to EUR 236.0 million in 2023. The right-of-use assets for land and buildings recorded the largest increase.

706. The decrease in investments in joint ventures and associates from EUR 70.3 m in 2021 to EUR 7.1 m in 2023 is entirely attributable to 2022. In this year, Schaeffler acquired the remaining 10% of the shares in the former business entity Schaeffler ByWire Technologie GmbH & Co. The company will be fully consolidated from this date. Until the full acquisition, Schaeffler ByWire Technologie GmbH & Co. KG was jointly managed by the two limited partners, Schaeffler Technologies AG & Co. KG and Arnold Verwaltungs GmbH. As of December 31, 2023, investments in joint ventures include Contitech-INA Beteiligungsgesellschaft mbH (50%), Contitech-INA GmbH & Co. KG (50%), Schaeffler-CARS Railway Technology Co. Ltd. (50%), and Innoplate SAS (50%). Investments in associates include Eurings Zrt. (37%), Statec S.r.l. (35%) and Colinx LLC (20%).

707. Contract fulfilment costs result from the substantive link between development services and future series production. The development costs of all customer projects that are not considered technically new in accordance with IAS 38 are capitalized as contract fulfilment costs from the point at which a series supply contract with the customer is highly probable and spread over the term of series production. Contract fulfilment costs will decrease from EUR 367.0 million in 2021 to EUR 350.0 million in 2022 and EUR 330.0 million in 2023.

708. Non-current other financial assets include derivative financial assets to hedge currency risks and risks from energy price changes on the one hand and other financial assets, consisting of non-consolidated investments in which the Group holds a stake of less than 20%, as well as miscellaneous financial assets comprising marketable securities, trust assets, receivables from the sale of companies and assets for insolvency protection for partial retirement employees on the other. The increase in other financial assets from EUR 209.0 million in 2021 to EUR 215.8 million in 2022 is mainly due to increased market values of derivative hedging transactions. The

decrease to EUR 72.2 million in 2023 is mainly due to the adjustment of EUR 119.7 million for non-consolidated investments.

709. Other (current and non-current) assets include tax receivables, assets from the valuation of pensions and other assets. Tax receivables relate to VAT refunds and tax offsetting credits from overpaid social taxes in Brazil in the past, which will be offset against tax payment obligations in the future. Other assets mainly comprise prepaid expenses and deferred charges. Overall, other assets decreased in the period presented from EUR 568.5 million in 2021 to EUR 554.5 million in 2022 and to EUR 537.7 million in 2023. The reason for the decrease in other assets in 2022 is the reduction in assets from the valuation of pensions and other assets. In 2023, Schaeffler recorded a decrease in tax receivables and assets from the valuation of pensions, which more than offset the increase in other assets.

710. Over the observation period, inventories increased from EUR 2,495.0 million in 2021 to EUR 2,795.7 million in 2022 and EUR 2,812.3 million in 2023. This corresponds to a reduction in days of inventories from 96 days to 88 days. Inventories mainly comprise finished goods and merchandise and, to a lesser extent, raw materials, consumables and supplies and work in progress.

711. The contract assets result from revenue already recognized over time for customer-specific products and will increase continuously from EUR 52.0 million in 2021 to EUR 65.2 million in 2023 in line with revenue.

712. Trade receivables increased in line with the rise in revenue from EUR 2,273.6 million in 2021 to EUR 2,519.0 million in 2022 and further to EUR 2,574.7 million in 2023. This corresponds to an almost constant receivables term of between 58 days and 60 days in the observation period. As at 31 December 2021, 2022 and 2023, outstanding receivables with a carrying amount of EUR 92.0 million, EUR 114.0 million and EUR 90.0 million were sold as part of factoring programs.

713. Cash and cash equivalents amounted to EUR 1,822.0 million as of December 31, 2021, EUR 1,062.7 million as of December 31, 2022, and EUR 768.9 million as of December 31, 2023. The decrease in cash and cash equivalents in 2022 and 2023 is due to Schaeffler's investing activities, particularly in connection with dividends paid, the repayment of bonds, and the repayment of loans, which in total exceed cash flows from operating activities. Cash and cash equivalents include an amount of EUR 221.0 million in 2021, EUR 241.0 million in 2022, and EUR 258.0 million in 2023 that is not freely available to Schaeffler AG as the parent company due to foreign exchange restrictions or other legal and contractual restrictions. This affects subsidiaries in countries including Argentina, Brazil, Chile, India, Indonesia, Colombia, Peru, the Philippines, Serbia, South Africa, South Korea, Thailand, Ukraine and Vietnam.

714. Other current financial assets include derivative financial assets for hedging currency risks and risks from energy price changes as well as miscellaneous financial assets, which consist of marketable securities, trust assets, receivables from the sale of companies and assets for insolvency protection for partial retirement employees. The increase in other current financial assets from

EUR 79.6 million in 2021 to EUR 204.7 million in 2022 is mainly due to increased market values of derivative hedging transactions. These mainly related to forward contracts for the purchase of electricity and gas. As of December 31, 2023, other financial assets amounted to EUR 174.0 million after adjustments to the fair value valuation of a derivative in connection with a concluded TRS in the amount of EUR 214.9 million.

715. Income tax receivables (current and non-current) increase from EUR 55.3 million in 2021 to EUR 113.3 million in 2023, of which EUR 75.5 million is non-current as of December 31, 2023. There are also deferred tax assets, which initially decrease from EUR 842.2 million in 2021 to EUR 661.5 million in 2022 and then increase to EUR 783.4 million in 2023. The increase in 2023 is primarily due to provisions for pensions and similar obligations as well as trade receivables and other assets.

716. Assets held for sale amounted to EUR 77.1 million as of December 31, 2021 and EUR 58.3 million as of December 31, 2022. As of December 31, 2023, assets held for sale in the amount of EUR 24.5 million were recognized in connection with the intended sale of a non-consolidated investment in the amount of EUR 23.0 million and real estate in the amount of EUR 2.0 million. These were adjusted for valuation purposes and taken into account as special items as part of the value derivation.

717. The increase in total assets in 2023 is mainly due to the increase in intangible assets, which in turn resulted from the acquisition of 100% of the shares in the Ewellix Group. The Ewellix Group is a leading global manufacturer and supplier of drive and linear motion solutions. With this step, Schaeffler is expanding its portfolio in the field of linear motion technology. The assets acquired in the transaction amount to EUR 452.0 million. The resulting goodwill of EUR 421.0 million comprises synergies as well as the value of the planned further development of the technology portfolio.

*Equity & Liabilities*

718. The following overview presents Schaeffler's unadjusted financial position as of December 31 of the financial years 2021 to 2023 in accordance with IFRS:

| **Equity & Liabilities** | **Historical (adj.)** | | |
|---|---|---|---|
| in EUR Mio. | 2021 | 2022 | 2023 |
| **Equity** | **3,165.0** | **4,141.1** | **3,735.4** |
| Provisions (non-interest bearing) | 586.0 | 78.8 | 158.0 |
| Deferred tax liabilities | 169.1 | 191.6 | 198.6 |
| **Provisions** | **755.1** | **270.5** | **356.6** |
| Bonds | 3,480.0 | 2,939.0 | 2,943.0 |
| Promissory note | 297.0 | 297.0 | 292.0 |
| Term loan | - | - | 624.0 |
| Credit in current account | -1.0 | - | - |
| Commercial paper | - | 50.0 | 90.0 |
| Lease liabilities | 211.0 | 218.6 | 238.4 |
| Other financial liabilities | - | 12.0 | 9.0 |
| Provisions for pensions and similar obligations | 2,453.6 | 1,605.8 | 1,832.3 |
| Provisions (interest bearing) | 210.0 | 613.0 | 363.0 |
| **Interest bearing liabilities** | **6,650.6** | **5,735.4** | **6,391.7** |
| Trade payables | 2,068.2 | 2,338.7 | 2,357.4 |
| Contract liabilities | 211.7 | 312.4 | 309.1 |
| Income tax payables | 153.5 | 155.0 | 176.0 |
| Liabilities associated with assets held for sale | 30.1 | 4.6 | - |
| Refund liabilities | 274.2 | 263.0 | 282.1 |
| Other financial liabilities | 758.1 | 715.2 | 713.9 |
| Other liabilities | 297.7 | 348.4 | 325.1 |
| **Non-interest bearing liabilities** | **3,793.5** | **4,137.3** | **4,163.5** |
| **Total equity and liabilities** | **14,364.2** | **14,284.3** | **14,647.1** |

719. Equity comprises the balance sheet items subscribed capital, capital reserves, retained earnings, other reserves, accumulated other equity and minority interests. Adjusted equity increases over the observation period from EUR 3,165.0 million in 2021 to EUR 3,735.4 million in 2023. Subscribed capital, which is divided into shares with a notional interest in the share capital of EUR 1.00 per share, remains unchanged at EUR 666 million. The capital reserves also remain constant at EUR 2,348.0 million as of December 31 of the years 2021 to 2023. The increase in other reserves from EUR 988.0 million as of December 31, 2021 to EUR 1,233.5 million as of December 31, 2023 is driven by the net profit for the year less distributions to shareholders. Unadjusted accumulated other equity increases from EUR -949.0 million in 2021 to EUR -216.3 million in 2022 and then decreases to EUR -476.0 million in 2023. The changes in accumulated other equity are primarily due to the adjustments to pensions and similar obligations contained therein. These increased from EUR -698.0 million in 2021 to EUR -85.0 million

in 2022 and then fell to EUR -218.0 million in 2023. The changes are due to currency translation effects, changes in the fair values of financial instruments used for hedging purposes and the adjustment of pensions and similar obligations. Due to the aforementioned adjustments of EUR -171.1 million in total, the adjusted accumulated equity amounts to EUR -647.1 million as of December 31, 2023. Minority interests increase continuously from EUR 112.0 m as of December 31, 2021 to EUR 135.0 million as of December 31, 2023 and are mainly related to the investment in the equity of Schaeffler India Ltd.

720. Schaeffler's liabilities consist of provisions including deferred tax liabilities as well as interest-bearing and non-interest-bearing liabilities. For measurement purposes, the presentation differs from the external reporting of the measurement object.

721. In addition to other non-interest-bearing provisions, provisions also include deferred tax liabilities. Pension provisions and interest-bearing provisions for personnel expenses are allocated to Interest bearing liabilities and are therefore not presented as provisions. In addition, restructuring provisions in 2022 and other provisions in 2022 and 2023 are recognized as interest-bearing provisions, as interest expenses were incurred in the respective years. In total, provisions decreased from EUR 586.0 million as of December 31, 2021 to EUR 78.8 million as of December 31, 2022. The decrease is primarily due to the recognition of restructuring provisions and other provisions as interest-bearing provisions in 2022. Warranty provisions decreased from EUR 83.0 million in 2021 to EUR 51.0 million in 2022. In contrast, other tax provisions increased from EUR 13.0 million in 2021 to EUR 28.0 million in 2022. As of December 31, 2023, provisions increased to EUR 158.0 million, primarily due to the recognition of restructuring provisions in the amount of EUR 62.0 million. In addition, warranty provisions increased to EUR 78.0 million as of December 31, 2023. Deferred tax liabilities increased from EUR 169.1 million as of December 31, 2021 to EUR 198.6 million as of December 31, 2023.

722. Interest bearing liabilities are made up of financial liabilities, lease liabilities, pension provisions and interest-bearing provisions.

723. Schaeffler's financial debt over the past three years includes bonds, promissory notes, loans, a revolving working capital facility, commercial paper, and other financial debt. The decrease in financial debt from EUR 3,776.0 million in 2021 to EUR 3,286.0 m in 2022 is mainly due to the full repayment of a bond. In 2023, financial liabilities will increase by around EUR 660.0 million to EUR 3,958.0 million. This increase is due to the raising of two loans (term loan) with a nominal value of EUR 624.0 million during the 2023 financial year. As of December 31, 2023, there were four bonds with a total nominal value of EUR 2,950 million, a carrying amount of EUR 2,943.0 million and coupons of between 1.875% and 3.375% with maturities between March 2024 and October 2028. In addition, there were promissory note loans with a nominal value of EUR 292.0 million and short-term commercial paper in the amount of EUR 90.0 million as of December 31, 2023.

724. The lease liabilities (current and non-current) relate in particular to land and buildings, but also to the vehicle fleet, production equipment and technical equipment and machinery. Lease liabilities will increase from EUR 211.0 million to EUR 238.4 million in the period from 2021 to 2023.

725. Pension provisions initially decrease in the observation period from EUR 2,453.6 million in 2021 to EUR 1,605.8 million in 2022 and then increase to EUR 1,832.3 million in 2023. The pension obligations are mainly distributed across Germany, the USA and the UK. The decrease in 2022 is due to a decline in the present value of the defined benefit obligations and a remeasurement of the net liability due to changes in financial assumptions. The increase in 2023 is again mainly due to the increase in the present value of the defined benefit obligations. The change in this is again primarily due to interest rate trends in the respective years.

726. The provisions recognized as interest-bearing initially increase from EUR 210.0 million in 2021 to EUR 613.0 million in 2022. The increase is due to two factors. Firstly, the items restructuring provisions of EUR 135.0 million and other provisions of EUR 184.0 million are recognized as interest-bearing, unlike in 2021. On the other hand, provisions for personnel expenses will increase from EUR 211.0 million in 2021 to EUR 294.0 million in 2022. In 2023, restructuring provisions will not be recognized as interest-bearing provisions as no interest expenses will be incurred on them. In addition, provisions for personnel expenses will fall to EUR 248.0 million and other provisions to EUR 116.0 million in 2023, resulting in a decrease in provisions recognized as interest-bearing provisions to EUR 363.0 million in 2023.

727. On October 13, 2023, the rating agency Fitch confirmed Schaeffler's previous rating of *BB+* with a stable outlook. This does not take into account any synergies from the overall transaction. On December 26, 2023, the rating agency S&P also affirmed its rating of *BB+* with a stable outlook. Also S&P does not take into account any material synergies from the overall transaction. This *BB+ rating* corresponds to the "non-investment grade" category. The *BB+* rating from Fitch and S&P was checked for plausibility on the basis of an indicative rating analysis without potential synergies from the planned merger in accordance with Moody's methodology. The "non-investment grade" rating category results in particular from a relatively high level of debt.[202]

728. Non-interest-bearing liabilities are made up of trade payables, contract liabilities, income tax liabilities, other financial liabilities, refund liabilities, liabilities in connection with assets held for sale and other liabilities.

729. Trade payables developed in line with the increase in the cost of revenue from EUR 2,068.2 million in 2021 to EUR 2,338.7 million in 2022. In 2023, trade payables stagnated at EUR 2,357.4 million. This is accompanied by a decrease in the term of trade payables from 80 to 73 days.

[202] On October 23, 2023, the rating agency Moody's confirmed the rating of *Baa3* (*BBB-* according to the S&P rating scale), with which Schaeffler has been rated since March 29, 2023, with a stable outlook, which corresponds to the "investment grade" category. This rating takes into account significant synergies from the overall transaction. However, as the valuation for the assessment of the appropriate exchange ratio is carried out from a stand-alone perspective, this rating is not relevant for the purposes of the Expert Opinion.

730. The contract liabilities result from customer payments received for development services with a subsequent series supply contract. From the point at which a series supply contract with the customer is highly probable, the customer payments received are deferred as contract liabilities and then recognized as revenue over the term of series production. Contract liabilities (current and non-current) initially increase from EUR 211.7 million in 2021 to EUR 312.4 million in 2022. In 2023, the level stagnates at EUR 309.1 million.

731. Income tax liabilities will remain almost constant in 2021 and 2022 at EUR 153.5 million and EUR 155.0 million respectively and then increase to EUR 176.0 million in 2023.

732. Other financial liabilities include liabilities to employees for profit-sharing and in connection with personnel measures as well as the inflation compensation premium, derivative financial liabilities in the context of hedging currency risks and risks from energy price changes as well as other financial liabilities such as customer payments received for receivables sold under the accounts receivable securitization program or contingent purchase price payment obligations from company acquisitions. Other financial liabilities decrease in the observation period from EUR 758.1 million in 2021 to EUR 715.2 million in 2022 and further to EUR 713.9 million in 2023. The decrease in 2022 is due in particular to lower liabilities to employees and lower market values of hedging transactions.

733. Reimbursement liabilities decrease from EUR 274.2 million as of December 31, 2021 to EUR 263.0 million as of December 31, 2022. Reimbursement liabilities increase to EUR 282.1 million as of December 31, 2023.

734. Liabilities in connection with assets held for sale decrease from EUR 30.1 million in 2021 to EUR 4.6 million in 2022 due to the sale of the global chain drive systems business. As of December 31, 2023, there are no liabilities in connection with assets held for sale.

735. Other liabilities increase from EUR 297.7 million in 2021 to EUR 348.4 million in 2022 and then fall to EUR 325.1 million in 2023. The increase in 2022 is due to higher VAT and wage tax liabilities and increased other liabilities. The decrease in 2023 is mainly due to lower other tax liabilities and other liabilities.

### 5.1.6 SWOT analysis

736. In the following, Schaeffler's position is determined from an internal perspective (company and resource analysis) based on the company's strengths and weaknesses and from an external perspective (market and competitive analysis) based on opportunities and threats arising from the market and competitive environment. Company-specific opportunities and risks for Schaeffler result from the company's core competencies on the one hand and the industry's value drivers on the other.

#### Company and resource analysis

5.1.6.1 Strengths

737. Schaeffler's key strengths include:

738. Schaeffler is one of the leading German automotive suppliers and also manufactures industrial components for various sectors. Schaeffler is regarded in Germany and internationally as a reliable and long-term oriented partner. With a long history and an excellent reputation in the automotive industry, Schaeffler stands for quality and industry expertise.

739. Schaeffler is characterized by a low customer concentration and a diversified long-term customer base in its various business divisions.

740. Schaeffler has a strong global presence and international reach with 82 plants. Of these, 52 specialize in Automotive Technologies, while 30 belong to the Industrial division. Schaeffler's strong global market presence is also reflected in its revenue in 2023: 44% of revenue comes from Europe, 22% from the Americas, 21% from Greater China, and 13% from the Asia-Pacific region. This extensive global presence allows the company to respond flexibly to different market conditions, serve local markets, benefit from global trends and regional growth opportunities, and reduce the risk associated with economic fluctuations.

741. Schaeffler operates in the three divisions Automotive Technologies, Automotive Aftermarket, and Industrial, each of which is affected differently by economic cycles. As a result, Schaeffler benefits from diversification effects, meaning that weaker phases in one division can be offset by stronger phases in another division, as has been observed historically.

742. Schaeffler is active in the development of new technologies to ensure the company's competitiveness. With 20 R&D centres and 1,266 patent applications in 2022, Schaeffler is the fourth most innovative company in Germany according to the German Patent and Trademark Office.

743. In the coming years, more electric vehicles are expected to be produced compared to vehicles with internal combustion engines, resulting in fewer parts to be produced for vehicles with internal combustion engines. Schaeffler is making significant investments in electric mobility, with the largest share going to the Automotive Technologies division. Increasing allocations are being made to the E-Mobility division, including the expansion of development and production for electric mobility in Bühl and the expansion of the campus in Taicang, China.

744. Although the E-Mobility division will only account for approximately 8% of Schaeffler's total revenue in 2023, the division is expected to record annual growth of approximately 26% over the next five years. The prioritization of vehicle electrification technologies combined with increasing investments and the strong projected growth of this business division underscores Schaeffler's commitment to innovation in the structural transformation of the vehicle market.

745. Schaeffler has extensive experience in the area of inorganic growth (M&A or mergers and acquisitions) in all divisions. The company engages in M&A activities in order to expand its strategic core competencies through company acquisitions. The focus of M&A activities is on small

to medium-sized, technology-driven acquisitions in order to consolidate the strength and competitiveness of the divisions.

#### 5.1.6.2 Weaknesses

746. Schaeffler's main weaknesses include:

747. Schaeffler has a capital-intensive business model with high fixed costs. Fluctuations in the utilization of production capacity, such as in a declining market, can have a significant impact on financial performance.

748. Schaeffler is highly dependent on the availability of the required components and raw material prices. It is not always possible to fully pass on cost increases to customers, and this requires a great deal of time and resources. This poses a challenge to competitiveness. It should be noted that Schaeffler was able to pass on significant cost increases to customers within one financial year in 2022.

749. A significant portion of Schaeffler's Automotive Technologies division comprises products developed for internal combustion engines and hybrid vehicles. Given the increasing proportion of all-electric vehicles coming onto the market in the future, demand for products for vehicles with internal combustion engines is expected to decline. Schaeffler's dependence on revenue from products for internal combustion engines poses a challenge.

750. On October 13, 2023, the rating agency Fitch confirmed Schaeffler's previous rating of *BB+* with a stable outlook. This does not take into account any synergies from the overall transaction. On December 26, 2023, the rating agency S&P also affirmed its rating of *BB+ with a* stable outlook. Also S&P does not take into account any material synergies from the overall transaction. This *BB+* rating corresponds to the "non-investment grade" category.[203] The raising of additional debt capital could possibly result in a deterioration of the rating. "Non-investment grade ratings may have worse credit terms than investment grade ratings.

### Market and competition analysis

#### 5.1.6.3 Opportunities

751. The following significant opportunities arise for Schaeffler on the market and competitive side:

752. In emerging markets in particular, the number of vehicles per capita is expected to approach the levels in more mature economies, creating a significantly larger potential market for vehicles and therefore also for automotive suppliers. Companies like Schaeffler have the opportunity to benefit from this growing market and expand their presence.

---

[203] On October 23, 2023, the rating agency Moody's confirmed the rating of *Baa3* (*BBB-* according to the S&P rating scale), with which Schaeffler has been rated since March 29, 2023, with a stable outlook, which corresponds to the "investment grade" category. This rating takes into account significant synergies from the overall transaction. However, as the valuation for the assessment of the appropriate exchange ratio is carried out from a stand-alone perspective, this rating is not relevant for the purposes of the Expert Opinion.

753. In the context of rising global population growth, the associated increased demand for passenger and freight transportation is playing an increasingly important role. Schaeffler, with its broad spectrum of rolling bearing solutions ranging from chassis to powertrain as well as mechatronic products in a digitalizing and increasingly mobile world, is in a robust position to support the further development of the transportation sector into the future.

754. The rising demand for electric vehicles reflects an increased interest in environmentally friendly mobility. OEMs are raising their electric vehicle targets, creating investment opportunities to strengthen their competitive position.

755. In the context of climate change and the associated transition to renewable energy, Schaeffler can benefit from this trend by providing the necessary components and solutions for the construction of renewable energy sources, such as solutions for wind turbines. In the coming years, investments in renewable energy sources, including wind energy, are expected to continue to grow, creating opportunities for suppliers to this industry.

756. Another aspect of the transition to renewable energies to achieve climate targets is the increasing role of hydrogen. The market for this technology is expected to grow significantly in the coming years. Schaeffler has strategically established a business unit that focuses on the production of components for the generation of hydrogen and could benefit from the development of this new technology.

757. OEMs that currently produce most of their vehicles in-house (such as Tesla) could outsource the production of certain vehicle components in the future, which could benefit suppliers.

#### 5.1.6.4 Threats

758. In terms of the market and competition, Schaeffler faces the following significant risks:

759. Schaeffler is generally highly dependent on the development of automobile production, which in turn depends on the economic situation of the economy as a whole. As a result, macroeconomic trends, political developments, and changes in the regulatory environment influence a wide variety of factors. Factors such as income, consumer spending, fuel costs, credit availability and protectionism in Asia and the USA influence demand for cars and therefore also demand for supplier products. The markets in key regions such as Europe, North America, and Asia/Pacific are currently volatile, which may negatively impact Schaeffler's revenue and earnings.

760. There is a risk of being left behind in the electrification of vehicles. Automotive manufacturers are aggressively focusing on the production of more electric vehicles, supported by political framework conditions and increased public awareness regarding the transition to renewable energies. As a result, OEMs are expected to demand more components for electric vehicles, while demand for components for combustion engines will tend to decline in the coming years. This in turn will create a more competitive environment in the supply industry for electric ve-

hicle components. In addition, a faster transition to electric vehicles than predicted could negatively impact the revenue forecasts and profitability of suppliers of components for vehicles with combustion engines.

761. Protectionism in trade policy or changes in the political and regulatory environment in the markets in which Schaeffler operates and maintains business relationships can have a negative impact on the company's business development. Tariffs and quotas pose a risk to the company's production activities in individual countries.

762. The supply chain is particularly exposed to the risk of high price fluctuations, especially in the prices of energy and steel. Fluctuations in the price of steel affect the production of rolling bearings and vehicle components and thus impact almost all of Schaeffler's business divisions. If the company is unable to pass on price increases from its own suppliers to its customers, this could have a negative impact on the company's results of operations.

763. The automotive industry is characterized by intense competition, meaning that there is a risk of increasing price pressure with lower margins. In addition, there is high competitive pressure to develop innovative solutions ahead of the competition, especially in the development of new technologies. Schaeffler's share in the field of electric mobility is currently still relatively low, so there is a risk of being overtaken by the competition.

764. Those OEMs that have currently outsourced a considerable proportion of vehicle production to external suppliers could in future produce certain vehicle components increasingly in-house (such as Tesla), which would be at the expense of existing suppliers.

#### 5.1.6.5 Aggregated opportunity/risk profile

**Opportunities**

765. For Schaeffler, the combination of internal strengths and market opportunities results in the following significant opportunities as at the valuation date:

766. Thanks to its international presence and industry expertise in the Automotive and Industrial sectors, Schaeffler is well positioned to benefit from the increasing demand for electric vehicles and the international energy transition. In combination with the greater focus on the E-Mobility division, this offers the company the opportunity to strengthen its market position and consolidate customer confidence. In addition, the strong R&D and M&A capabilities provide Schaeffler with the opportunity to gain market share in the electric mobility sector.

767. In addition, Schaeffler is able to respond quickly to the global economic situation and gain market share in emerging markets through its strong international presence. This presence enables Schaeffler to take advantage of growth opportunities in various regions of the world across all divisions and to strengthen its position in the industry.

768. Schaeffler's global positioning, particularly in the regions of China and North America, opens up attractive opportunities for the company. Both China and North America are considered major

growth markets for electric mobility, which could enable Schaeffler to establish itself as a relevant player in electric mobility and a provider of technologies and components in these markets.

Risks

769. On the other hand, Schaeffler is exposed to risks resulting from the combination of weaknesses and market-related threats. The main risks are as follows:

770. Schaeffler's business model has a high fixed cost structure. In times of economic stagnation or structural changes in the industry, such as the increased transition to electric mobility, these fixed costs can pose financial challenges. In particular, declining demand for products related to internal combustion engines and declining production capacity could put Schaeffler under financial pressure.

771. Electrification in the automotive industry will lead to a decline in demand for product lines that use conventional combustion engines. This is a result of the growing trend towards electric vehicles that can be observed worldwide. This poses a challenge for companies such as Schaeffler, which have been heavily involved in these product lines to date. In addition, too weak a competitive position in electromobility could lead to a loss of customers and market share.

### 5.1.7 Comparable companies of Schaeffler

#### 5.1.7.1 Procedure and selection of peer group companies for Schaeffler

772. Similar to Vitesco, listed companies with a comparable business model and range of services were analysed for the selection of Schaeffler's peer group. Based on a broad population of companies that are essentially part of the automotive supply industry, a large number of national and international companies were identified for comparison purposes on the basis of qualitative factors such as regional and operational comparability and a comparable product range.

773. The peer companies are first selected on the basis of qualitative criteria and, in a second step, on the basis of quantitative criteria. The 11 peer companies ultimately identified using this methodology are then assessed for relative comparability with Schaeffler using a scoring model. As part of the scoring model, the relevant companies were analysed according to qualitative and quantitative criteria and compared with Schaeffler.

774. The qualitative criterion "operational comparability" was used to check whether the peer group companies come from the same or a similar industry or have a similar business model. The decisive factor for this criterion in the peer group selection for Schaeffler was that the peer companies from the automotive supplier industry focus on mechanical components for the powertrain for combustion, hybrid and electric vehicles and, if possible, also on industrial applications. The focus on e-mobility was explicitly not part of Schaeffler's selection process.

775. For the second qualitative criterion "regional comparability" as well as for the quantitative criteria, the same principle was applied for Schaeffler as for Vitesco. All of the criteria listed, both qualitative and quantitative, are incorporated equally into the scoring analysis of the 11 peer companies that are sufficiently comparable to Schaeffler. The analysis of the peer companies leads to the following peer group:

| Comparable Companies | Country | Business Fit | Geographical Fit | Revenue 2023 | Revenue CAGR 2023-2026 | EBITDA Margin Ø 2024-2025 | Asset Turnover | Total Score |
|---|---|---|---|---|---|---|---|---|
| Dana Incorporated | United States | Medium Fit | Medium Fit | 9,760.1 | 4.4% | 9.2% | 1.4x | |
| ElringKlinger AG | Germany | Medium Fit | Best Fit | 1,856.9 | 5.7% | 12.3% | 0.9x | |
| Cummins Inc. | United States | Medium Fit | Medium Fit | 31,499.7 | 2.4% | 15.6% | 1.1x | |
| American Axle & Manufacturing | United States | Strong Fit | Medium Fit | 5,621.7 | 1.1% | 12.3% | 1.1x | |
| Dowlais Group plc | United Kingdom | Strong Fit | Strong Fit | 6,080.8 | 1.8% | 13.5% | 0.8x | |
| MS Industrie AG | Germany | Medium Fit | Strong Fit | 251.9 | 3.1% | 12.7% | 1.2x | |
| DENSO Corporation | Japan | Medium Fit | Medium Fit | 46,165.2 | 4.1% | 15.4% | 0.9x | |
| JTEKT Corporation | Japan | Strong Fit | Medium Fit | 12,210.6 | n/a | 8.9% | 1.3x | |
| Linamar Corporation | Canada | Medium Fit | Medium Fit | 6,613.2 | n/a | 13.5% | 1.1x | |
| CIE Automotive, S.A. | Spain | Medium Fit | Strong Fit | 3,959.0 | 2.9% | 19.0% | 0.7x | |
| Kongsberg Automotive ASA | Norway | Medium Fit | Strong Fit | - | n/a | n/a | n/a | |
| Schaeffler | Germany | | | 16,313.0 | 6.6% | 13.1% | 1.1x | |
| Median | | | | 6,080.8 | 3.0% | 13.1% | 1.1x | |
| Average | | | | 11,274.5 | 3.2% | 13.2% | 1.0x | |

## 5.1.7.2 Peer group overview

776. The companies included in the peer group, in particular their respective business activities, can be summarized as follows:

### Dana Incorporated

777. Dana Incorporated is a global company specializing in the development, manufacture and marketing of power transmission and power management for vehicles and machinery. The company was founded in 1904 and is now headquartered in Maumee, Ohio. With a presence in 31 countries and over 42,000 employees, Dana generated revenue of EUR 9,760 m in 2023, with North America representing the largest market with a 45% share, followed by Europe (34%), Asia (14%) and South America (7%). The broad product range includes axles, drive shafts, ICE, hybrid and e-gearboxes, e-axle systems, inverters, motors and control units. These products are divided into four operating segments: Light Vehicle Segment (approximately 39% of revenue), Commercial Vehicle (approximately 20%), Off-Highway (approximately 30%) and Power Technologies (approximately 12%). Dana is listed on the New York Stock Exchange under the ticker NYSE:DAN and is part of the S&P 500 Index.

### ElringKlinger AG

778. ElringKlinger AG, headquartered in Dettingen an der Erms, Germany, is a German automotive supplier group. The company employs around 9,500 people at over 44 locations worldwide. In the 2023 financial year, ElringKlinger is expected to generate revenue of EUR 1,857 million. The company offers solutions for combustion engines as well as hybrid and electric drives. Its products include cylinder-head and specialty gaskets, lightweight plastic components and shielding parts. ElringKlinger operates in four segments: Original Equipment, Aftermarket, Engineered

Plastics and Other. The Original Equipment segment accounts for the largest share of revenue, around 78% in 2022. The company serves key revenue markets in more than 140 countries and regions, with a focus on Europe (approx. 50%), North America (approx. 26%), and Asia (approx. 20%). ElringKlinger is listed on the XETRA trading platform under the ticker XTRA:ZIL2.

#### Cummins Inc.

779. Cummins Inc. is a leading manufacturer and supplier of diesel and gas engines headquartered in Columbus, Indiana, USA. The company employs around 75,500 people worldwide and generated revenue in EUR 31,500 m. The company is active in the design, manufacture, sale and service of diesel engines, natural gas drives, electric and hybrid drive systems and related components worldwide. Before adjusting for intersegment revenue, the company can be divided into five different segments: Engine (approximately 28% of revenues), Components (approximately 32% of revenues), Distribution (approximately 25% of revenues), Power Systems (approximately 14%) and Accelera (approximately 1%). Cummins serves its customers through approximately 460 company-owned locations, joint ventures and independent dealers. In addition, the company has more than 10,000 Cummins-certified dealer locations in approximately 190 countries and regions. The USA is the largest revenue market, accounting for approximately 57% of revenue, followed by China (approximately 9%) and India (approximately 5%). Cummins is listed on the New York Stock Exchange under the ticker NYSE:CMI.

#### American Axle & Manufacturing Holdings, Inc.

780. American Axle & Manufacturing Holdings, Inc. (AAM) was founded in 1994 and is headquartered in Detroit, Michigan. AAM employs approximately 19,000 people at 80 locations worldwide and generated revenue of EUR 5,622 m in 2023. The company is one of the leading international Tier 1 automotive and mobility suppliers. Its focus is on the development and production of drive and forming technologies that support electric vehicles, hybrid vehicles and conventional combustion vehicles. AAM operates two main business segments: Driveline and Metal Forming. In 2022, the Driveline segment generated the majority of revenue (64%). AAM operates globally with a presence in 18 countries. Mexico is the largest revenue market, accounting for around 40% of total revenue, followed by the USA with around 37% and Europe with 13%. AAM's main customers are General Motors, Stellantis and Ford. AAM is listed on the New York Stock Exchange under the ticker NYSE:AXL.

#### Dowlais Group plc

781. Dowlais Group plc is a global manufacturer and supplier of automotive parts headquartered in London, United Kingdom. The company employs over 24,000 people in more than 19 countries worldwide and is one of the leading technology and systems engineering companies in the automotive industry. Dowlais specializes in the development, manufacture and integration of powertrain technologies, including components for electric vehicles, and is forecast to generate revenue of EUR 6,081 million in 2023. This is divided into three main business areas: Automotive, Powder Metallurgy and Hydrogen. The Automotive segment generated the largest share of revenue in 2022 at 78%, while Powder Metallurgy contributed around 22%. The Hydrogen

segment has a comparatively low revenue share of less than 1%. The company is active in many important revenue markets worldwide, with a particular focus on North America and Europe. The breakdown shows that North America currently accounts for around 42% of revenue, while Europe also accounts for a significant share at 36%. Dowlais is listed on the London Stock Exchange under the ticker LSE:DWL.

### MS Industrie AG

782. MS Industrie AG is a German investment company based in Munich, Germany. The company's core business is investing in industrial companies in the fields of drive technology and ultrasonic technology. The company was founded in 1991 and currently employs around 830 people. In 2023, MS Industries is expected to generate revenue of around EUR 252 million, with Germany being MS Industries' largest revenue market in the previous year with a share of around 67%. Before adjusting for intersegment revenue, the company can be divided into three different segments: The Powertrain Technology segment (around 71% of total revenue) manufactures and supplies automotive OEMs with series components, while the Ultrasonic Technology segment (around 27% of total revenue) supplies automotive OEMs and their suppliers with special machines for the production of car parts. Services & Others (around 2% of total revenue) is the smallest segment. MS Industrie is listed on the XETRA trading platform under the ticker XTRA:MSAG.

### DENSO Corporation

783. Denso Corporation is a global automotive supplier, especially for automotive electronics and mechatronics. The company is headquartered in Kariya, Japan. The company is one of the largest Japanese groups with around 165,000 employees worldwide and 190 branches, 27 of which will be in European countries in 2023. Revenue of the equivalent of EUR 446,165 million are forecast for the 2023 financial year. Denso specializes in drive systems for gasoline, diesel, hybrid, electric and fuel cell vehicles. With around 38% of revenue in the previous year, DENSO's main business focus was on Japan, followed by North America with 19% and China with 13%. The company is listed on the Tokyo Stock Exchange under the ticker TSE:6902.

### JTEKT Corporation

784. JTEKT Corporation, headquartered in Aichi, Japan, is a leading automotive supplier specializing in the manufacture and sale of steering systems, powertrain components, bearings, machine tools, electronic control units and household accessories. The company was founded in 1921 and employs around 46,000 people. In 2023, JTEKT is forecast to generate revenue of EUR 12,211 million. Before adjusting for intersegment revenue, the company can be divided into three different segments: Automotive (67%), Industrial and Bearings (22%) and Machine Tools (12%). The most important revenue markets are Japan with a 36% share of revenue, the USA with 19% and Asia/Pacific with 15%. JTEKT is listed on the Tokyo Stock Exchange under the ticker TSE:6473.

### Linamar Corporation

785. Linamar Corporation is a Canadian publicly traded automotive supplier headquartered in Guelph, Ontario. The company supplies powertrain parts and components to various automotive manufacturers as well as manufacturing solutions for the industry. Linamar has 70 production sites, 14 R&D centres and 28 offices in 19 countries in North and South America, Europe and Asia and employs around 31,000 people worldwide. In 2023, the company is expected to generate revenue of around EUR 6,613 million. The company operates in two main segments: Mobility and Industrial. The Mobility segment accounts for more than 75% of revenue. Linamar serves important geographical revenue markets. Before adjustments for intersegment revenue, Canada is the largest market at 57%, followed by Europe (28%) and the rest of North America (17%). The automotive supplier is listed on the Toronto Stock Exchange under the ticker TSX:LNR.

**CIE Automotive S.A.**

786. CIE Automotive S.A. (CIE) is a global leader in the development, manufacture and marketing of automotive components and assemblies for automotive OEMs and their suppliers. Founded in 1996, the company is headquartered in Bilbao, Spain. CIE employs around 25,000 people at 108 locations worldwide and has a presence in 16 countries. The company is expected to generate revenue of EUR 3,959 million in 2023. The broad product portfolio includes axle components, brake components, engine components, transmission components and products for exterior and interior trim. The regional focus is on Europe with 34% of total revenue, North America with 30% and India with 17%. CIE is listed on the Bolsas y Mercados Espanoles stock exchange under the ticker BME:CIE.

**Kongsberg Automotive ASA**

787. Kongsberg Automotive ASA develops, produces and sells products for the automotive industry worldwide. Founded in 1957, the company is based in Kongsberg, Norway. Kongsberg employs around 5,300 people worldwide. The company is divided into the segments Powertrain & Chassis (approx. 51% of total revenue) and Specialty Products (49% of total revenue). Kongsberg Automotive serves automotive OEMs and their Tier 1 suppliers in the automotive, commercial vehicle and off-highway sectors. The automotive supplier is listed on the Oslo Bors and London Stock Exchange X under the tickers OB:KOG and LSE:0F08.

## 5.2 Analysis of the plausibility of the business plan

### 5.2.1 Analysis of the planning process and structure of the business plan

788. The planning of Schaeffler's Profit & Loss Statement for the years 2024 to 2028 on which the company valuation is based consists of a detailed projection prepared by Schaeffler as part of the regular group planning process. The business plan is prepared in accordance with International Financial Reporting Standards (IFRS) and covers five planning years.

789. The regular planning is usually carried out in the months of July to December of the calendar year. The regular planning process is generally carried out using a multi-stage "top-down" approach. The 5-year plan is initiated by the entire Management Board as part of the strategy dialog. Based on the strategy dialog, target letters, in particular for relevant financial key figures, are prepared at regional, functional and divisional level for the first planning year ("budget"), the third planning year and the fifth planning year, in which the financial targets are defined. These do not necessarily have to correspond to the final budget and multi-year plan, but serve as a guideline. The actual regular planning process for budget planning, including the five-year plan at regional, functional and divisional level, begins at the end of July. This is followed by the planning dialog with an expanded group of participants compared to the strategy dialog. Here, all previous projections, including macroeconomic and internal planning assumptions and sub-processes, are discussed and validated in a comprehensive 3-day workshop and, if necessary, planning adjustments are made. There is then a period of around six weeks until the beginning of December to finalize the budget and the five-year plan. The five-year plan is then finally approved by the executive board and Supervisory Board.

790. The budget approved by the executive board and the supervisory board of Schaeffler AG, on which the valuation is based, consists of a detailed projection for the first planning year 2024 ("budget") and the projection for the following four years from 2025 to 2028. Projections for the years 2025 to 2028 are less detailed than the budget. Planning is based on a step-by-step top-down approach for the three segments. As part of the regular forecast process at the beginning of the year, the actual figures are compared each month with the previous month's forecast and the budget data up to the end of the year. From the 6+6 forecast (FC) in June, the procedure is extended due to the new input from the strategy dialog. Both the FC 6+6 for the end of the year and the FC for the end of the next year "FC 6+6 ext" (extended) are recorded. This continues up to FC 10+2, whereby the FC 10+2 ext. for the next year ultimately represents the budget. The figures are always adjusted to the various segments and regions.

791. In parallel to top-down planning, detailed planning is carried out within sub-processes, in particular for revenue, purchasing, production volumes, investments, corporate functions, etc. This is used in particular for revenue, production and costs for the segments. This is used in particular for the projection of revenue, production and costs for the segments, which in turn coordinate their results closely with the regions. Investments are specified on the basis of separate investment planning. In addition, certain items in the Profit & Loss Statement and Balance Sheet are planned and pre-filled by the regions. Changes by the segments are not possible.

792. Once the final projection has been approved, a detailed breakdown of the budget is made at legal unit level. In close cooperation with the segments, the regions are responsible for carrying out the cascading into legal units throughout the entire budget process.

793. Schaeffler's integrated budget for the years 2024 to 2028, on which the company valuation is based, is based on the budget for the years 2024 to 2028 prepared in the regular planning process and approved by the executive board on December 4, 2023. This was presented to and approved by the Supervisory Board on December 15, 2023. In January 2024, the Management Board decided on a new organizational and reporting structure as part of the merger with

Vitesco. As part of these structural changes, the budget was also adjusted retrospectively, although this only affects the 2024 budget. Following approval by the executive board on February 12, 2024, the Supervisory Board approved the adjustment on February 23, 2024. However, as these adjustments are of an insignificant magnitude in connection with the planned merger and would not have any impact on the valuation results, the budget for the years 2024 to 2028 approved in December was still used for valuation purposes.

### 5.2.2 Analysis of planning accuracy

794. In addition to analysing the planning process and the structure of the business plan, the plausibility check of the business plan also includes an analysis of past planning accuracy in order to gain insights into future planning accuracy. To assess historical planning accuracy, a period of three years was considered and compliance with Schaeffler's budgeted operating performance indicators was analysed. As Schaeffler is managed on the basis of the financial performance indicators "revenue" and "EBIT (adjusted)", these are the relevant indicators for analysing planning accuracy.

795. The following table summarizes the company's one-year planning accuracy for the years 2021 to 2023.[204]

**Analysis of the Schaeffler planning accuracy 2021-2023**

| | 2021 | | 2022 | | 2023 | |
|---|---|---|---|---|---|---|
| | Forecast* | Actual | Forecast* | Actual | Forecast* | Actual |
| Revenue | ↗ | ✓ | ↗ | ✓✓ | ↗ | ✓ |
| EBIT adjusted | ↑ | ✓✓ | ↓ | ✓ | ↑ | ✓✓ |

Legend:
substantial growth (↑), slight growth (↗), slight decline(↘) , substantial decline (↓), Forecast exceeded (✓✓),
Forecast met (✓), Forecast missed (X), *Forecast according to previous years's budget and compared to previous year's actual figures

796. In the 2021 financial year, not only was the forecast for revenue met, but the Projection for EBIT was also exceeded. In the Automotive Technologies segment, the revenue forecast was achieved almost exactly, while the Aftermarket segment exceeded the planned targets to a similar extent as the Industrial segment. This positive development is due to the general recovery in global economic performance and industrial production, which recovered more strongly than assumed in the projection in the first year after the outbreak of the Covid-19 pandemic.

797. The positive development was also reflected at EBIT level. EBIT expectations were significantly exceeded in 2021, meaning that the EBIT margin was significantly higher than planned. The budget for 2021 was prepared more conservatively in view of the unpredictable course of the coronavirus year 2020. However, two main factors led to significant overfulfilment. On the one hand, there was an unexpectedly rapid economic recovery, both during and after the repeated global outbreaks of the Covid-19 pandemic. On the other hand, Schaeffler was able to pass on

[204] EBIT adjusted refers to the adjusted earnings figures communicated by the company itself.

significant inflation-related price increases on the cost side to customers in the Industrial and Automotive Aftermarket segments.

798. The forecasts for 2022 show that revenue will exceed the budget and EBIT will meet the budget. The increase in revenue in the reporting year was mainly due to a rise in volumes in the Automotive Technologies and Industrial segments. Positive revenue price effects in all three segments had a positive impact on both revenue and EBIT development, particularly as significantly higher factor input costs were passed on to the market. In terms of EBIT, only the Automotive Technologies segment fell short of its target. While the Aftermarket and Industrial segments met or exceeded their targets, the Automotive Technologies segment's EBIT was significantly below plan. Overall, the planned EBIT margin was missed by 0.9%.

799. In the 2023 financial year, the forecasts for revenue were met and EBIT exceeded. However, there was a slight negative deviation in revenue from the target figures in the Automotive Technologies and Industrial segments. In the Automotive Technologies segment, this is mainly due to the current structurally subdued global demand in the e-mobility sector, while in the Industrial segment the weak market environment in China, particularly in the wind, power transmission and offroad sectors, contributed significantly to this. By contrast, the Aftermarket segment exceeded projections. This increase was primarily the result of positive volume and revenue price effects in all regions, particularly in the independent Aftermarket business.

800. The outperformance of EBIT in 2023 is attributable in particular to the Automotive Technologies and Aftermarket segments. The positive EBIT development in the Automotive Technologies segment is due to increased productivity in the plants and strict cost discipline, while a favourable revenue mix, positive revenue price effects and cost effects from the increase in volume played a role in the Aftermarket segment. In the Industrial division, the negative market environment in China also had an impact on the EBIT margin, which did not meet expectations. This is largely due to the negative product mix caused by the weaker market environment in China and cost disadvantages resulting from lower production volumes.

801. The analysis of planning accuracy shows that Schaeffler has met its forecasts at group level in the past.

802. Overall, on the basis of our analysis, there are no indications that the present approved budget for the years 2024 to 2028, which was prepared as part of the established regular planning process, is not a suitable basis for a company valuation.

## 5.2.3 Analysis of the business plan

803. Schaeffler's business plan is analysed using additional assessment criteria - in particular with the help of analyses of key figures at specific points in time and over time as well as benchmarking against the peer group - in order to ensure that future cash flows and growth rates can be derived consistently. Schaeffler's business plan is as follows:

| Adjusted Profit & Loss Statement | Historical (adj.) | | | Projection | | | | | CAGR |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2023-2028 |
| **Revenues** | **13,851.6** | **15,809.1** | **16,312.9** | **17,073.8** | **18,155.1** | **19,759.1** | **21,465.3** | **22,690.2** | *6.8%* |
| *growth (yoy)* | - | *14.1%* | *3.2%* | *4.7%* | *6.3%* | *8.8%* | *8.6%* | *5.7%* | |
| Cost of sales | -10,404.6 | -12,224.3 | -12,717.0 | -13,197.7 | -14,009.1 | -15,269.1 | -16,631.3 | -17,542.8 | *6.6%* |
| **Gross profit** | **3,447.0** | **3,584.8** | **3,595.9** | **3,876.1** | **4,146.0** | **4,490.0** | **4,834.0** | **5,147.4** | *7.4%* |
| *in % of revenues* | *24.9%* | *22.7%* | *22.0%* | *22.7%* | *22.8%* | *22.7%* | *22.5%* | *22.7%* | |
| Selling and administrative expenses | -1,517.9 | -1,734.9 | -1,825.3 | -1,843.2 | -1,962.9 | -2,053.3 | -2,173.5 | -2,181.6 | *3.6%* |
| Research and development expenses | -748.1 | -767.9 | -767.9 | -792.1 | -801.4 | -800.7 | -784.6 | -772.9 | *0.1%* |
| Other operating income | 69.6 | 43.2 | 93.3 | 43.1 | 3.1 | 4.5 | 5.5 | 5.8 | *-42.6%* |
| Other operating expenses | -62.0 | -32.5 | 0.0 | -48.8 | -2.5 | -27.2 | -64.2 | -53.3 | |
| **EBIT** | **1,188.7** | **1,092.7** | **1,096.0** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** | *14.4%* |
| *in % of revenues* | *8.6%* | *6.9%* | *6.7%* | *7.2%* | *7.6%* | *8.2%* | *8.5%* | *9.5%* | |
| Total depreciations (throughout all functions) | 958.2 | 984.3 | 1,001.8 | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 | *0.6%* |
| **EBITDA** | **2,146.9** | **2,077.0** | **2,097.8** | **2,245.0** | **2,381.8** | **2,613.7** | **2,827.8** | **3,177.8** | *8.7%* |
| *in % of revenues* | *15.5%* | *13.1%* | *12.9%* | *13.1%* | *13.1%* | *13.2%* | *13.2%* | *14.0%* | |
| Financial results | -122.0 | -121.3 | -212.0 | -346.9 | -330.1 | -336.3 | -342.4 | -361.4 | *11.3%* |
| **Results from ordinary activities** | **1,066.7** | **971.4** | **884.0** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** | *15.1%* |
| Extraordinary results | 55.7 | -119.1 | -308.4 | - | - | - | - | - | *-100.0%* |
| **Income before tax** | **1,122.4** | **852.3** | **575.6** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** | *25.4%* |
| *in % of revenues* | *8.1%* | *5.4%* | *3.5%* | *5.2%* | *5.8%* | *6.5%* | *6.9%* | *7.9%* | *17.4%* |
| Taxes on income | -347.5 | -267.6 | -240.5 | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 | *13.6%* |
| *Effective tax rate (in %)* | *31.0%* | *31.4%* | *41.8%* | *33.2%* | *26.8%* | *25.8%* | *26.0%* | *25.6%* | |
| **Annual result** | **774.9** | **584.6** | **335.2** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** | *31.7%* |
| *in % of revenues* | *5.6%* | *3.7%* | *2.1%* | *3.5%* | *4.2%* | *4.8%* | *5.1%* | *5.9%* | |

### 5.2.3.1 Revenue

804. Revenues are expected to increase over the planning period from EUR 16,312.9 million in 2023 to EUR 22,690.2 million in 2028. This corresponds to an average annual growth rate of 6.8%. The main drivers of the planned growth are the numerous transformation measures already initiated, which are intended to help Schaeffler focus more strongly on the introduction of e-mobility products in particular.

805. Revenues are made up of the revenue of the three segments Automotive Technologies, Aftermarket and Industrial. In 2023, the Automotive Technologies segment contributed the most to total revenue with 59.9%, followed by the Industrial segment with 26.3% and the Automotive Aftermarket segment with 13.8%.

#### Automotive Technologies revenue

806. Revenue in the largest segment, Automotive Technologies, is made up of the four divisions "Engine and Transmission Systems", "Bearings", "E-Mobility" and "Chassis Systems".

807. Revenue in the Automotive Technologies segment is expected to increase from EUR 9,772.0 million in 2023 to EUR 12,726.1 million in 2028. This corresponds to an average annual growth

rate of 5.4%. The main revenue drivers of this development are the ongoing transformation towards electrification, which is having a positive impact on the "E-Mobility" division in particular, and the transformation towards autonomous driving, which is influencing the "Chassis Systems" division. In Europe in particular, changing regulatory factors such as stricter emission standards and government incentives to promote electric vehicles are making e-mobility increasingly important. Furthermore, a growing market for electric mobility can be observed in China, which is also due to government incentives, strict environmental regulations and the continuous technological development of electric vehicles. Another trend in the automotive market is the ongoing development of technology, test runs and the development of legal frameworks for autonomous driving, which is driving demand for these modern technologies, from which the Chassis Systems division in particular is benefiting. These developments highlight the trend towards the electrification of vehicles and point to high demand. Schaeffler can therefore benefit from these growth opportunities by expanding its E-Mobility business. Schaeffler therefore expects the share of vehicles with internal combustion engines sold worldwide to decrease by half between 2022 and 2035, while the share of vehicles with electric motors sold worldwide is expected to double. Projections anticipate higher growth rates in 2026 and 2027 in particular. This is due to projects that have already been nominated and are expected to go into series production in 2025 and 2026, leading to a significant increase in unit revenue. In the long term, however, growth is expected to slow down, meaning that growth (yoy) in 2028 is planned more conservatively at 4.3%.

808. On the one hand, Schaeffler's focus is on the profitability and efficiency of the established divisions (Foundation Business) "Bearings" and "Engine and Transmission Systems". On the other hand, the company is striving for growth and innovation in the innovative "E-Mobility" and "Chassis Systems" divisions (New Business). The "E-Mobility" division is expected to record the strongest growth between 2023 and 2028, with an expected average annual growth rate of 25.8%, followed by "Chassis Systems" with 24.2%. The forecasted revenue growth is based on the high existing order backlog, the investments already made in previous years and the expansion of expertise in the field of electrification. In addition, revenue in the Bearings division are expected to grow by 1.0%. In contrast, the "Engine and Transmission Systems" division is expected to decline by -3.8%. The expected decline in revenue from 2024 onward in the "Engine and Transmission Systems" division is in line with market expectations in this declining market, whereby Schaeffler's market share is expected to remain stable at approx. 28%.

#### Aftermarket revenue

809. Revenue in the Aftermarket segment is expected to increase from EUR 2,253.0 million in 2023 to EUR 3,420.7 million in 2028. This corresponds to an average annual growth rate of 8.7%. Improved logistics structures, a high and rapid availability of the requested spare parts and competitive prices are expected to contribute to the strongly volume-driven growth. In addition, positive effects from Schaeffler's price management, particularly in Europe and the Americas, will contribute to revenue growth. On the market side, future revenue will be driven by a continuously growing vehicle population with higher growth rates, especially in China and Asia. On the other hand, the average age of the global vehicle population is also expected to increase

further in the coming years, with vehicles older than ten years in particular having higher market shares. Nevertheless, there is still revenue potential in markets that are currently rather saturated, as vehicles have an increasingly longer service life and this results in a longer period for the spare parts business.

810. Schaeffler also plans to expand its revenue channels, particularly through digital platforms such as ETC in China and Koovers in India, which should contribute significantly to revenue growth. The aim is to optimize the value chain in spare parts supply for independent garages and retailers through internet platforms with delivery logistics. This is important as the market is developing into a multi-stakeholder aftermarket ecosystem, which in turn opens up new business opportunities beyond the pure parts business. This requires a realignment of the Aftermarket segment's organization in order to be best positioned for efficient market development. Strategic focus areas include the existing repair and maintenance business, the platform business, small series production and the circular economy as well as new business models in the area of mobility services and smart energy services. The prerequisites for achieving these goals are a reliable and competitive supply of parts, including through improved cooperation with the Automotive Technologies segment, driving forward the green transformation, expanding technical and digital expertise and investing in M&A.

811. From a regional perspective, the Aftermarket segment is experiencing significant growth in Schaeffler's markets, which are still small in this segment, particularly in China and the Asia/Pacific region, with growth rates of up to 30%. This expectation is driven both by e-commerce activities (especially in China) and the platform business as well as by the standard business (Asia/Pacific). In the Americas, growth is expected to be driven primarily by South America and the launch of new products in the torque converter segment. In the European region, the vehicle population is relatively saturated, although there is still growth potential for Aftermarket Services due to the ageing vehicle fleet on average. Growth through the e-commerce business in particular appears ambitious, while the standard business is planned somewhat more conservatively.

### Industrial revenues

812. Around 66% of the Industrial segment's revenue in 2023 will be generated by the core business "Precision Bearings" and 34% by the new business areas, which include "Linear Motion", "Robotics", "Lifetime Solutions" and "Hydrogen".

813. Revenue in the Industrial segment is expected to increase from EUR 4,287.9 million in 2023 to EUR 6,543.5 million in 2028, which corresponds to an average annual growth rate of 8.8%. This revenue growth is significantly higher than the forecast market growth. Both the core business "Precision Bearings" and the four new business areas "Linear Motion", "Robotics", "Hydrogen" and "Lifetime Solutions" are expected to contribute to this growth.

814. A key success factor for the expansion in the "Precision Bearings" segment is the increasing localization rate. To date, production has been heavily focused on Europe, which has led to high

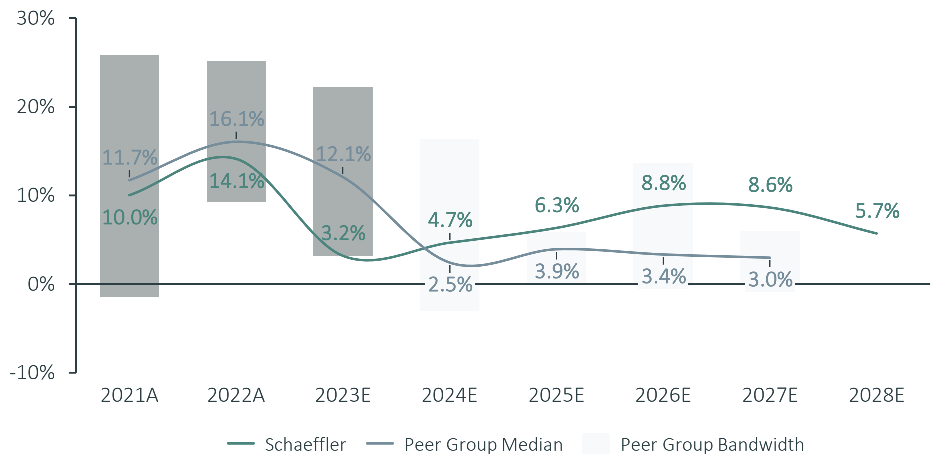
customs and logistics costs. In addition to lower customs and logistics costs, increased localization in the respective regions is intended to strengthen proximity to customers and thus local presence. By 2028, the localization rate is expected to reach over 60% in the Americas and over 80% in Europe, Asia/Pacific and Greater China. In addition, the trend in the wind market plays a decisive role in the demand for rolling and plain bearings. The growing demand for wind power is expected to increase the need for large bearings, gearbox bearings and new bearing concepts and materials. In China, the wind energy sector already accounts for 50% of the total wind energy market. However, the ongoing geostrategic conflict between China and Taiwan is putting wind power companies in a difficult situation due to partial construction stops and supply chain disruptions. However, the situation is expected to improve in the long term, particularly as China is pursuing ambitious climate targets. The current negative effects in China should therefore be seen as temporary. The current somewhat weaker Chinese market has already been taken into account in the projection, which is based on data from the third quarter. However, it can be assumed that the wind energy market will grow in the long term, which will benefit Schaeffler in the long term. In 2022, Schaeffler has a global market share of 42% for main bearings and 40% for gearbox bearings for wind turbines.

815. The future strategy of the "Linear Motion" division is primarily based on the integration of Ewellix, a leading manufacturer of linear motion technology, which Schaeffler acquired in September 2023. The aim is to leverage additional revenue potential of around EUR 10.0 million with Ewellix, for example in the offroad and food & beverage sectors, both with existing and new customers.

816. In the hydrogen sector, the first series revenue are planned from 2025, with a target turnover of around EUR 400.0 million by 2028.

817. Projections for the Industrial segment are only covered by an order backlog of one to two years compared to the other segments, as the usual contract period in this segment is significantly shorter. A number of major projects in the Mechatronics and Aerospace segments have also been contracted until 2025.

Revenue growth benchmarking




818. Based on analyst estimates, the median revenue growth of the peer group companies in the forecast period from 2024 is between 2.5% and 3.9%. The analysts' forecast growth is thus significantly below the growth rates achieved in the past, with growth in 2021 and 2022 being strongly influenced by the catch-up effects in the wake of the global Covid-19 pandemic. Schaeffler expects revenue to grow between 4.7% and 8.8% from 2024 to 2028, with peaks in 2026 and 2027, and is thus at the upper end of the growth rates forecast for the peer group from 2025 onwards.[205]

819. Overall, Schaeffler's revenue will increase at a CAGR of 6.8% over the planning period. The main drivers of this development are the expansion and transformation towards electrification and autonomous driving in the Automotive Technologies segment, digital services such as the platform business in the Aftermarket segment with a simultaneously growing and aging global vehicle population supporting the traditional Aftermarket business, and growth in the Industrial segment via a higher localization rate and the assumed progress of renewable energies such as wind power in Asia. In light of analysts' expectations for the peer group companies as well as Schaeffler's historical organic revenue growth and the relevant market environment, we consider Schaeffler's planned revenue growth to be plausible overall.

#### 5.2.3.2 Earnings before interest and taxes (EBIT)

820. The expense items and other income contributing to Schaeffler's operating result (EBIT) are analysed below.

821. According to projections, the cost of revenue is expected to increase from EUR 12,717.0 million in 2023 to EUR 17,542.8 million in 2028, which corresponds to an average annual growth rate of 6.6%. As a result, the gross profit margin is also expected to increase from 22.0% in 2023 to 22.7% in 2028, which corresponds to the average level for 2021 and 2022. The increase in the

[205] The peer group is only shown until 2027 due to the decreasing number of estimates.

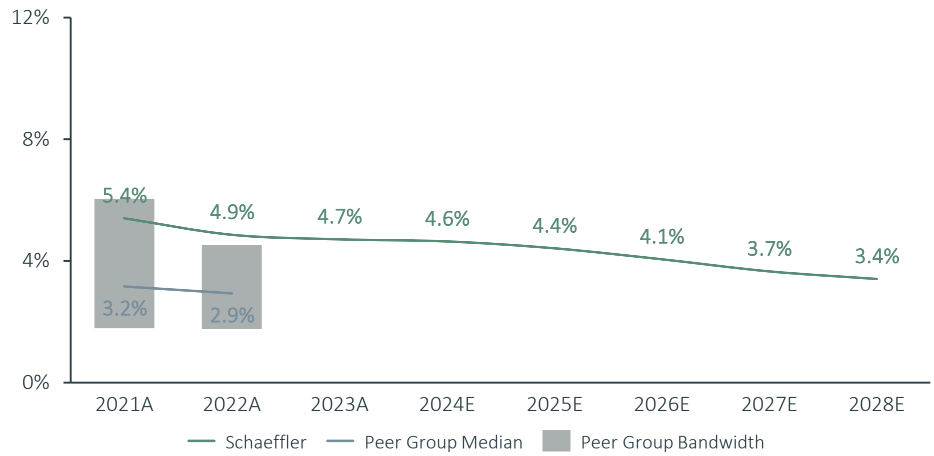
gross profit margin is mainly due to the expected improvement in the efficiency of the plants. The digitalization initiatives implemented are making a positive contribution to the productivity of the plants and to a reduction in logistics and transport costs. The improvement in the gross margin is primarily due to improvements in the gross margins of the Automotive Technologies and Industrial segments. In the Industrial segment, there have been special charges in the past for the ramp-up of new sites, plant closures and relocations, among other things, which have historically had a negative impact on the gross margin. A return to normality is ultimately expected in Projection. In addition, material and gas prices are expected to normalize. Furthermore, a gradual digitalization of production to increase productivity and an optimization of the global footprint with the aim of a higher localization rate is planned. Specific measures have already been taken, particularly for 2024.

822. In the Automotive Technologies segment, improvements in the "E-Mobility" and "Chassis Systems" areas in particular are having a positive impact on the gross profit margin. There are positive economies of scale due to the ramp-up of new projects and thus better utilization of production capacities. In contrast to the Group, a decline in the gross margin is expected in the Aftermarket segment in the planning period, which is due in particular to the expansion of the rather low-margin digital platform business in China and India, which is expected to lead to significant increases in revenue but a slightly lower gross margin at the same time.

823. The planned operating costs, consisting primarily of selling and administrative expenses, are expected to grow at an average annual rate of 3.6% over the planning period, rising from EUR 1,825.3 million in 2023 to EUR 2,181.6 million in 2028. The significantly lower growth in planned operating costs compared to revenue growth is due to the fixed cost nature of selling and administrative expenses. Despite rising revenue, R&D expenses will remain at an almost constant level in the planning period and will only increase slightly from EUR 767.9 m in 2023 to EUR 772.9 m in 2028. This development is primarily due to the projection in the "Engine & Transmission" division in the Automotive Technologies segment, where R&D expenses are to be significantly reduced due to the extensive discontinuation of combustion engine development. The "E-Mobility" and "Chassis Systems" divisions of the Automotive Technologies segment are also planning to reduce R&D expenses, as high investments have already been made in R&D in the past and the focus is to be placed more on the implementation of development projects in the future. Nevertheless, Schaeffler's strategic focus remains on promoting the "E-Mobility" division. On average, approximately 27% of total R&D expenses will continue to be spent on the "E-Mobility" business division during the planning period. A further 28% is attributable to the Industrial segment, as investments are made here in future trends such as hydrogen, renewable energies, etc.

824. In a further step, Schaeffler's planned net R&D costs are compared with the history of the peer group companies:[206]

**Benchmarking of net R&D costs**




825. Net R&D costs consist of total gross R&D costs less capitalized development costs. At Schaeffler, the ratio of net R&D costs to revenue has decreased from 5.4% in 2021 to 4.7% in 2023. In the planning period, Schaeffler expects the R&D ratio to decrease from 4.7% in 2023 to 3.4% in 2028 for the reasons already mentioned. Compared to the peer group, Schaeffler's net R&D expenses are historically and in the first planning years above the peer group median. As no analyst estimates are available for R&D expenses, the planned R&D expenses can only be compared with the historical ratios of the peer group. Schaeffler's planned R&D expenses for the years 2023 to 2028 are at the upper end of the historical range of the peer group and stabilize slightly above the historical peer group median, especially in recent years. Overall, the development of R&D expenses in the planning period appears plausible, particularly in light of the historical development, the planned revenue growth and in comparison to the historical peer group level.

826. Specific items relating to expected special effects are planned in other income and other expenses. Some of the other income relates to planned asset revenue, subsidies and the reversal of provisions and derivatives. Some of the other expenses relate to the depreciation of balanced energy derivatives whose underlying contracts with energy suppliers serve to hedge against short-term fluctuations in energy prices. The Industrial segment accounts for the majority of the planned other expenses and income.

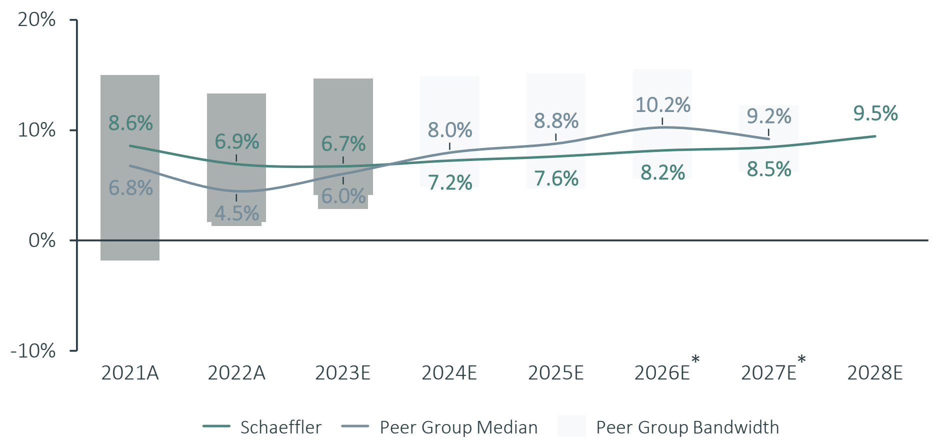
[206] Schaeffler's planned R&D cost ratio corresponds to a net figure (including deduction of capitalization). In the benchmarking analysis, R&D costs are adjusted for the deduction of capitalization compared to Schaeffler's historical capitalized figures so that this net ratio is comparable to the peers.

## EBIT

827. EBIT is a key performance indicator within Schaeffler and is expected to almost double from EUR 1,096.0 m in 2023 to EUR 2,145.5 m in 2028 according to the projection. This corresponds to an improvement in the EBIT margin from 6.7% to 9.5%.

828. The following chart shows the development of Schaeffler's EBIT margin and the analysts' forecasts for the peer group:

**Benchmarking EBIT margin**[207]




829. For the EBIT margin, the capitalized R&D costs in the peer group were adjusted so that they can be used as a suitable comparison to Schaeffler's EBIT margin. Among the peer group companies, there are companies without capitalization of R&D costs as well as companies with higher or lower capitalization ratios than Schaeffler. For comparison purposes, the historical capitalization ratios and, in this context, Schaeffler's amortization ratios were therefore assumed to be the same for the peer group companies.

830. At 6.8% and 4.5%, the peer group median adjusted EBIT margin in 2021 and 2022 was significantly below Schaeffler's level with EBIT margins of 8.6% and 6.9%. Based on analyst estimates, the peer group median is expected to improve continuously in the years 2024 to 2026 and thus even overtake Schaeffler, which is also planning for rising margins. In the long term, Schaeffler expects an EBIT margin of 9.5%, which should be at a slightly higher level than the long-term peer group estimates.

207 *Due to fewer data points from 2026 onwards, the average was used as an alternative.

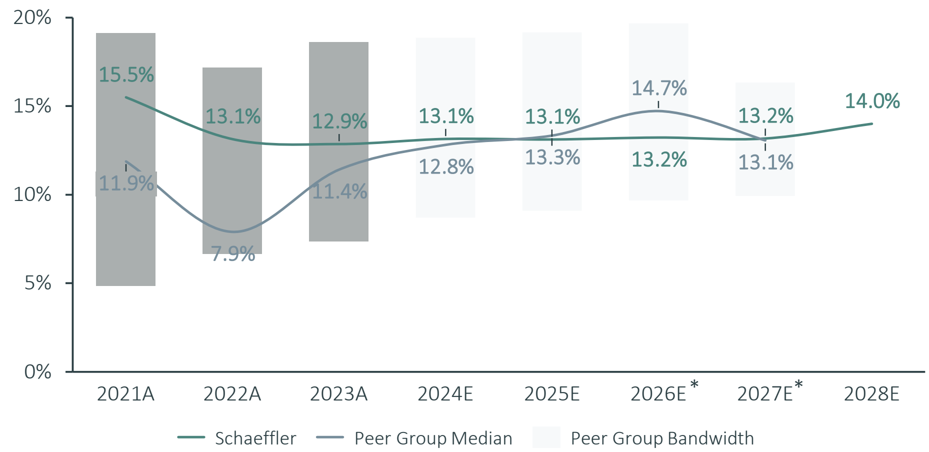
### EBITDA for information purposes

831. Total depreciation and amortization across all functional costs increases from EUR 1,001.8 million in 2023 to EUR 1,032.2 million in 2028, with 91.0% attributable to property, plant and equipment and 9.0% to intangible assets over the entire planning period.

832. Overall, an increase in EBITDA from EUR 2,097.8 million in 2023 to EUR 3,177.8 million in 2028 is planned. This corresponds to an increase in the EBITDA margin from 12.9% in 2023 to 14.0% in 2028.

833. The following chart shows the development of Schaeffler's EBITDA margin and the analysts' forecasts for the peer group:

Benchmarking EBITDA margin[208]




834. For the EBITDA margin, the capitalized R&D costs in the peer group were adjusted in the same way as in the comparison of the EBIT margin of the peer group with Schaeffler.

835. Over the planning period from 2024 to 2028, the peer group median EBITDA margin initially rises from 12.8% to 14.7% in 2026 and then reaches a level of 13.2% in 2027. Schaeffler's EBITDA margin, on the other hand, is very stable at between 13.1% and 14.0% over the planning period. The development of Schaeffler's EBITDA margin is thus highly comparable to the peer group median, so that the projection of Schaeffler's EBITDA margin is considered plausible.

208 *Due to fewer data points from 2026 onwards, the average was used as an alternative.

#### 5.2.3.3 Financial result

836. The financial result in the planning period mainly comprises interest expenses for financial liabilities, pension provisions and lease liabilities as well as interest income on cash and cash equivalents.

837. The financial result is expected to decrease in the planning period from EUR -346.9 million in 2024 to EUR -361.4 million, which is attributable to rising interest expenses. Interest expenses in 2024 total EUR 352.3 million and are largely attributable to bonds, pension provisions, a term loan and promissory bills, and to a lesser extent to lease liabilities, commercial paper, other financial liabilities and interest-bearing provisions. Average borrowing costs of between 4.4% and 5.8% are assumed in the projection for the aforementioned debt instruments. Interest expenses are initially expected to increase in 2024 compared to 2023 as a result of an increase in bonds, promissory bills and term loans. Maturing bonds will be repaid and refinanced during the planning period. In addition, around half of the term loan in particular will be repaid in 2027.

838. In addition, interest income of EUR 5.4 million per year is included in the projection.

839. The adjusted financial result does not include the interest expenses for the financing of the 12.0 million shares in Vitesco acquired as part of the Tender Offer in the amount of EUR 1,124 million, as the acquisition of the 38.87% stake in Vitesco is shown separately as a Special item.

#### 5.2.3.4 Income taxes

840. Generally, separate detailed tax planning is performed for the domestic consolidated tax group over a period of five years, of which Schaeffler AG is the controlling company. Schaeffler AG and its significant domestic subsidiaries form the domestic tax group. Schaeffler also operates internationally with other subsidiaries, particularly in countries such as China, the U.S., South Korea, and Mexico. The respective companies are subject to local tax liability in these countries. As a result, taxes for the foreign subsidiaries are planned separately from the domestic tax group as part of group planning.

841. The Schaeffler Group's current income taxes consist of trade tax, corporate income tax, and the solidarity surcharge. As of December 31, 2023, the Schaeffler Group had usable corporate income tax loss carry forwards of EUR 606.7 m and usable trade tax loss carry forwards of EUR 440.2 m, of which approximately 90% exist in Germany. The planned tax expense for the domestic tax group is based on detailed tax planning, which fully reflects the utilization of trade and corporation tax loss carry forwards existing on the valuation date in the planning period. At the end of the planning period in 2028, all tax loss carry forwards will have been used up. As a result, Schaeffler's average tax rate for the planning period is 27.5%. Accordingly, tax expenses are expected to increase from EUR 240.0 m in 2023 to EUR 455.9 m in 2028, which corresponds to an effective tax rate of 25.6% in 2028. The tax rate shown in the planning period differs slightly from the planned tax rate in the business plan, as the interest expenses for the financing of the Vitesco shares acquired as part of the Tender Offer in the amount of EUR 1,124

million were eliminated from the Profit & Loss Statement in order to present them separately in the special items. However, as the interest for financing the Tender Offer is still incurred and a tax benefit is generated from the debt financing, the tax expenses were recognized in the absolute amount as in the business plan. This results in a slightly lower tax rate than in the business plan.

### 5.2.3.5 Annual result

842. Schaeffler's annual result will develop over the planning period from EUR 335.2 m in 2023 to EUR 1,328.2 m in 2028. This corresponds to an average annual growth rate of 31.7%.

### 5.2.3.6 Balance sheet planning

843. As part of the valuation activities, Schaeffler's balance sheet planning for the years 2024 to 2028, on which the valuation is based, was reconstructed and analysed below. The balance sheet values refer to December 31 of the respective fiscal year:

**Balance Sheet**

| Assets | Historical (adj.) | | | Projection | | | | | *CAGR* |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | *2023-2028* |
| Intangible assets | 496.8 | 916.3 | 1,617.1 | 1,565.9 | 1,525.9 | 1,489.0 | 1,455.3 | 1,419.7 | *-2.6%* |
| Tangible assets | 4,956.0 | 4,828.3 | 4,791.0 | 4,951.7 | 5,132.0 | 5,224.2 | 5,382.4 | 5,577.6 | *3.1%* |
| Financial assets | 1,741.6 | 1,435.5 | 1,442.9 | 1,260.5 | 1,237.0 | 1,218.2 | 1,197.9 | 1,202.4 | *-3.6%* |
| **Fixed assets** | **7,194.4** | **7,180.0** | **7,851.0** | **7,778.1** | **7,894.9** | **7,931.4** | **8,035.6** | **8,199.7** | ***0.9%*** |
| Inventories | 2,495.0 | 2,795.7 | 2,812.3 | 2,834.4 | 3,012.3 | 3,274.6 | 3,458.3 | 3,637.4 | ***5.3%*** |
| Contract assets | 52.0 | 54.5 | 65.2 | 59.2 | 64.8 | 65.7 | 66.5 | 66.8 | ***0.5%*** |
| Receivables and other assets | 2,273.6 | 2,519.0 | 2,574.7 | 2,810.4 | 2,991.1 | 3,305.0 | 3,665.4 | 3,893.6 | *8.6%* |
| Cash and cash equivalents | 1,822.0 | 1,062.7 | 768.9 | 2,229.3 | 1,815.5 | 1,975.9 | 2,146.5 | 2,269.0 | *24.2%* |
| Other current assets | 527.2 | 672.4 | 575.0 | 571.0 | 632.9 | 669.7 | 693.7 | 795.1 | *6.7%* |
| **Current assets** | **7,169.7** | **7,104.3** | **6,796.1** | **8,504.2** | **8,516.6** | **9,290.8** | **10,030.5** | **10,662.0** | ***9.4%*** |
| **Total assets** | **14,364.2** | **14,284.3** | **14,647.1** | **16,282.3** | **16,411.5** | **17,222.2** | **18,066.1** | **18,861.7** | ***5.2%*** |

#### Fixed assets

844. Total assets are expected to increase by an average of 5.2% per year in the planning period from EUR 14,647.1 million in 2023 to EUR 18,861.7 million in the 2028 financial year. Both fixed assets and current assets are expected to grow in the planning period.

845. Schaeffler's fixed assets are expected to increase from EUR 7,851.0 million in 2023 to EUR 8,199.6 million in 2028, which corresponds to an overall increase of 4.4%.

846. The planned increase in non-current assets is mainly due to the expected growth in property, plant and equipment, which is expected to increase from EUR 4,791.0 million in 2023 to EUR 5,577.6 million in 2028, representing an increase of 16.4%. The investment plan for the next five years provides for total investments of over EUR 5.0 bn, which are necessary to enable Schaeffler's organic growth of 6.8% on average annually at the revenue level over the planning period. The largest 25 projects represent a cumulative amount of approximately EUR 862 million over the entire planning period. Around EUR 1,915 million or 36% of total investments are earmarked for "green" investments. These include investments in real estate and buildings as well as measures to reduce water consumption and waste generation, as well as initiatives to increase energy efficiency. "Green" investments are made with the aim of complying with strict

environmental standards in the future and achieving Schaeffler's sustainability goals. Over the entire planning period, the Automotive Technologies segment accounts for 56% of the largest investments on average, which is mainly due to the expansion of e-mobility. The Industrial segment accounts for an average of approximately 32% of capital expenditures. Investments are mainly concentrated in the areas of hydrogen, wind power and rail applications. On average, only around 6% of investments are made in the Aftermarket segment, as this is a business with low capital intensity. Further significant investments are planned as part of the Execution Program 2025, including investments in buildings such as the Taicang logistics centre, land in India, a new hall for e-mobility in the USA and the headquarters in Bühl, investments in S4/HANA as well as adjustments for climate change and the achievement of sustainability goals. In addition, rationalization and automation efforts require high investments. At regional level, Europe accounts for an average of around 48% of investments during the planning period, followed by China with an average of around 21%, the Americas with around 15% and the Asia-Pacific region with around 11%.

847. The investment ratio in property, plant and equipment is expected to level off at 4.7% at the end of the planning period, starting from a level of just under 6.0%. The reinvestment rate is expected to be around 1.1 over the entire planning period. The right-of-use assets from leases will be kept relatively constant at a level of around EUR 223.0 million in the planning period. For the projection of right-of-use assets from leases, the underlying interest rates are risk free, term-dependent and country-specific risk free rates with additional company- and asset-specific premiums. The usual term of leases is around 3 to 5 years, although longer terms are used for real estate.

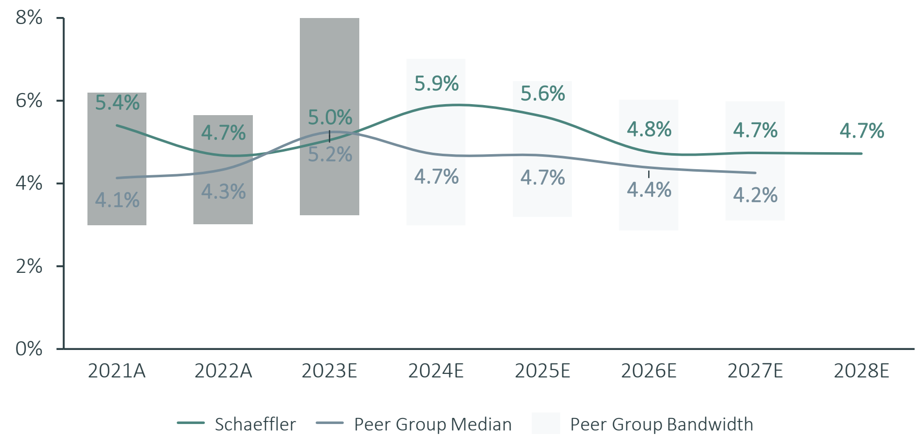
848. In contrast, intangible assets are expected to decrease by an average of -2.6% annually from EUR 1,617.1 million in 2023 to EUR 1,419.7 million in 2028 according to projections. Intangible assets consist primarily of goodwill, acquired intangible assets in connection with the acquisition of Schaeffler ByWire Technologie GmbH & Co. KG and the Ewellix Group, and, to a lesser extent, assets not yet available for use and internally generated assets. Goodwill is planned at a constant level in the Projection. The main factor behind the decline in intangible assets up to 2028 is the scheduled amortization of acquired assets from the acquisition of the Ewellix Group.

849. The following analysis looks at Schaeffler's investing activities in property, plant and equipment in relation to revenue (hereinafter referred to as the "CAPEX ratio"). Based on CAPEX of EUR 823.7 million in 2023, this is initially expected to increase to EUR 1,001.7 million in 2024, then remain constant until 2028 and amount to EUR 1,070.1 million in 2028. This corresponds to an initial increase in the CAPEX ratio from 5.0% to 5.9% in 2024 and a continuous decrease in the CAPEX ratio to 4.7% in 2028.

850. The CAPEX ratio is compared to the peer group to assess the plausibility of Schaeffler's capital expenditures on property, plant and equipment. Due to the differences in the capitalization

ratio of Schaeffler's R&D costs compared to the peer group companies, only capital expenditures on property, plant and equipment are compared directly to the peer group level:[209]

Benchmarking of CAPEX ratios (in property, plant and equipment)




851. The peer group's projected CAPEX ratio in property, plant and equipment for the years 2024 to 2027 is in a median range of 4.2% to 4.7%. With an expected CAPEX ratio in property, plant and equipment of between 4.7% and 5.9% within the same period, Schaeffler continuously tends to be at the upper end of the peer group range. The higher volume of capital expenditures on property, plant and equipment is intended to enable, in particular, the expansion of the E-Mobility division and the high revenue growth compared to the peer group. The reason for the decrease in the CAPEX ratio at the end of the planning period is the degree of vertical integration and the efficient utilization of fixed assets.

852. As a result of the analysis, Schaeffler's investment in property, plant and equipment in the planning period 2024 to 2028 is assumed unchanged for the purposes of the business valuation.

853. Financial assets are expected to decrease in the planning period from EUR 1,442.9 million in 2023 to EUR 1,202.4 million in 2028. This is driven in particular by falling deferred tax assets in connection with the planned utilization of tax loss carry forwards. This is offset by the increase in other financial assets from EUR 72.2 million in 2023 to EUR 350.2 million in 2028, which is attributable to planned M&A activities.

### Current assets

854. Schaeffler's current assets are expected to increase by a total of 56.9% from EUR 6,796.1 million in 2023 to EUR 10,662.0 million in 2028. This is mainly due to the increase in trade receivables, inventories, and cash and cash equivalents.

---

[209] The investment volume in capitalized development costs is indirectly checked for plausibility by analysing the total R&D costs.

855. Based on the derived region-specific and customer-specific debtor terms, trade receivables are expected to increase from EUR 2,574.7 million in 2023 to EUR 3,893.6 million in 2028, which corresponds to an increase in the average debtor term from 58 days to 63 days. The increase in trade receivables is in line with the planned increases in revenue. In principle, the agreed payment terms for performance obligations from customer contracts are usually between 30 and 60 days after invoicing.

856. In line with the planned revenue growth, inventories are also expected to increase from EUR 2,812.3 million in 2023 to EUR 3,637.4 million in 2028, which corresponds to a slight decrease in inventory days from 88 days to 80 days. Schaeffler plans to manage its inventories more efficiently by optimizing its logistics chains, among other things.

857. Schaeffler plans to maintain minimum operating cash of approximately 10% to 15% of revenue. Schaeffler has an undrawn revolving credit facility of EUR 1,775 m, which could generally be considered liquidity in the same way as Vitesco. On October 13, 2023, the rating agency Fitch confirmed Schaeffler's previous rating of *BB+* with a stable outlook. This does not take into account any synergies from the overall transaction. On December 26, 2023, the rating agency S&P also affirmed its rating of *BB+ with a* stable outlook. Also S&P does not take into account any material synergies from the overall transaction. This *BB+ rating* corresponds to the "non-investment grade" category.[210] Against this background, the valuation deviates from Schaeffler's liquidity planning and assumes minimum operating cash of around 10% of revenue without deducting the undrawn revolving credit facility. Cash and cash equivalents increase from EUR 768.9 million in 2023 to EUR 2,269.0 million in 2028 and correspond to the minimum operating cash. In the planning year 2024, cash and cash equivalents are slightly higher than the minimum operating cash position, which is mainly due to the taking out of new loans.

858. Other current assets account for only a small proportion of total current assets and tend to grow at a disproportionately low rate in relation to revenue over the planning period, from EUR 575.0 million in 2023 to EUR 795.1 million in 2028.

### Equity and liabilities

859. In addition to interest-bearing and non-interest-bearing liabilities, the liabilities side of the Balance Sheet also includes provisions and Equity, which is derived on the basis of the integrated

[210] On October 23, 2023, the rating agency Moody's confirmed the rating of *Baa3* (*BBB-* according to the S&P rating scale), with which Schaeffler has been rated since March 29, 2023, with a stable outlook, which corresponds to the "investment grade" category. This rating takes into account significant synergies from the overall transaction. However, as the valuation for the assessment of the appropriate exchange ratio is carried out from a stand-alone perspective, this rating is not relevant for the purposes of the Expert Opinion.

business plan. The following breakdown of the liabilities side of the Balance Sheet is a presentation for valuation purposes.

| Balance Sheet<br>Equity & Liabilities | Historical (adj.) | | | Projection | | | | | CAGR |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2021-2023 |
| **Equity** | **3,165.0** | **4,141.1** | **3,735.4** | **4,328.7** | **5,082.9** | **4,941.8** | **5,839.8** | **6,307.1** | ***11.0%*** |
| **Provisions** | **755.1** | **270.5** | **356.6** | **359.0** | **371.5** | **384.0** | **409.0** | **409.0** | ***2.8%*** |
| **Interest bearing liabilities** | **6,650.6** | **5,735.4** | **6,391.7** | **7,572.1** | **6,704.3** | **7,429.2** | **7,084.6** | **7,170.2** | ***2.3%*** |
| **Non-interest bearing liabilities** | **3,793.5** | **4,137.3** | **4,163.5** | **4,022.4** | **4,252.8** | **4,467.2** | **4,732.7** | **4,975.4** | ***3.6%*** |
| **Total equity and liabilities** | **14,364.2** | **14,284.3** | **14,647.1** | **16,282.3** | **16,411.5** | **17,222.2** | **18,066.1** | **18,861.7** | ***5.2%*** |

## Equity

860. Equity is expected to increase over the planning period from EUR 3,735.4 million in 2023 to EUR 6,307.1 million in 2028, which corresponds to an average annual growth rate of 11.0%. The increase in equity is driven in particular by the positive planned development of net income. Schaeffler's projection is generally based on an average dividend payout ratio of approximately 45%.

## Reserves

861. In addition to current provisions, the provisions also include deferred tax liabilities. Overall, provisions increase from EUR 356.6 million in 2023 to EUR 409.0 million in 2028. This is mainly due to the increase in provisions for restructuring measures in 2024. Deferred tax liabilities are carried forward at a constant level in the planning period.

## Interest bearing liabilities

862. Liabilities are made up of interest-bearing and non-interest-bearing liabilities.

863. Interest bearing liabilities will increase overall in the planning period from EUR 6,391.7 million in 2023 to EUR 7,170.2 million in 2028. Interest bearing liabilities mainly consist of bonds, promissory bills, term loans, lease liabilities and pension provisions, commercial paper, other financial liabilities and interest-bearing provisions.

864. Over the planning period, Schaeffler plans both the repayment and further borrowing of various bonds with different interest rates, which is expected to increase from EUR 2,943.0 million in 2023 to EUR 3,400.0 million in 2028, also because a bond will already be refinanced at the end of the planning horizon, which is not due for final repayment until 2029.

865. In the first planning year, term loans will increase by EUR 421.0 million to EUR 1,045.0 million in 2024. At the end of the planning period, the amount of term loans will decrease to EUR 545.0 million due to the repayment of EUR 500.0 million originally taken out as part of the financing of the Ewellix transaction.

866. Promissory bills and commercial paper are planned to remain relatively constant at a combined level of around EUR 380.0 million. Lease liabilities are also planned to remain at a constant level, while other financial liabilities are expected to increase due to borrowing in connection with Chinese subsidiaries. Interest-bearing provisions are expected to decrease slightly due to planned payments in the planning period.

867. Provisions for pensions and similar obligations are expected to increase in the planning period from EUR 1,832.3 million in 2023 to EUR 2,120.2 million in 2028. The main drivers for this are the planned interest expenses for pensions and for partial retirement, which are not initially recognized as cash-effective and therefore increase the pension provisions. In contrast, the conversion of the domestic pension scheme will lead to an offsetting reduction in domestic pension provisions.

868. In January 2024, Schaeffler also placed bonds with a total volume of EUR 1.1 bn under the bond issuance program. The proceeds from the issue were used to purchase the shares in Vitesco acquired as part of the Tender Offer. The bonds in the amount of EUR 1.1 bn already existed as at the valuation date. As the valuation of Schaeffler also takes into account the 38.87% stake in Vitesco existing as of the valuation date as a Special item, the transaction financing in the amount of EUR 1.1 bn was also recognized in the Special item and eliminated from the business plan for these purposes.

### Non-interest-bearing liabilities

869. Non-interest-bearing liabilities in the planning period consist mainly of trade payables. Based on the derived region-specific and customer-specific derived creditor terms, trade payables will increase from EUR 2,357.4 million in 2023 to EUR 3,386.6 million in 2028. At the same time, the average creditor term will increase from 73 days in 2023 to 75 days in 2028 during the planning period. This is mainly due to the increasing vertical integration in the e-mobility segment. As the market transformation continues, the product mix in the e-mobility segment will change significantly, particularly in the direction of a higher proportion of purchased parts (e.g. electronics).

870. Contract liabilities mainly include capitalized revenues from customers for the development of series products. These are capitalized and depreciated over the term of series production. Projection assumes, on the one hand, a reduction in the value of inventories through depreciation. On the other hand, the Chassis and E-Mobility business units are expected to generate income from new projects, which has been taken into account accordingly. Contract liabilities are reduced or amortized on a straight-line basis over a period of 6 years after SOP (start of production).

871. Other liabilities will decrease from EUR 325.1 million in 2023 to EUR 279.0 million, mainly due to the depreciation of a liability from the earn-out of the M&A activity Melior Motion in the amount of EUR 51.0 million. At the time the 2024 budget was finalized, this was planned to take place in 2023, but the 2023 forecast had already been completed at that time. The opening balance sheet was therefore adjusted (without affecting the result) by means of a liability swap.

872. The main liability items in the balance sheet planning, in particular Equity and Interest bearing liabilities, appropriately reflect the central assumptions of the earnings planning.

### 5.2.4 Result of the business plan analysis

873. To ensure a consistent derivation of future cash flows and growth rates, the key assumptions and premises of the business plan were analysed and checked for plausibility as part of a benchmarking analysis with the peer group. The planning process and planning accuracy were also analysed.

874. The forecast was largely adopted without adjustment. Adjustments were made to the effect that the transaction financing related to the acquisition of the 38.87% stake in Vitesco via a bond in the amount of EUR 1.1 bn was eliminated from the statement of financial position and, accordingly, from the projection, as Schaeffler's investment in Vitesco, which existed as at the valuation date, was presented separately as a special item. The assets and liabilities held for sale are also not included in the business plan, as are the non-consolidated investments eliminated from the financial assets, as these were also recognized separately as special items. In addition, according to the company, a minimum operating cash of 10% of revenue was planned.

875. Based on our analyses of the market and competitive environment, the Profit & Loss Statement and Balance Sheet planning, the benchmarking analyses with the peer group, the discussions held with the executive board and other Schaeffler employees and the analysis of the planning process, the business plan is considered ambitious but plausible against the background of the planned growth in revenue and the penetration into business areas (electric mobility) that have been less strongly developed to date.

## 5.3 Continuation phase

876. When determining the equity value using the dividend discount method or DCF method, a distinction is made between at least two planning phases when discounting future cash flows, assuming an unlimited life of the company. The first phase (detailed planning phase) consists of a finite number of periods and generally covers three to five financial years. Between the detailed planning phase and the continuation phase, it may be advisable to model a further intermediate phase (known as the Convergence or rough planning phase).

877. If, at the end of the detailed planning phase, the company is not yet in the "steady state" required for recognition in the continuation phase, e.g. due to unsustainable growth, appropriate assumptions must be made in the continuation phase as the second phase to enable recognition of the perpetual annuity.[211] The "steady state" describes a sustainable earnings and asset situation in which all items in the Profit & Loss Statement grow at the sustainable growth rate and, in this respect, there are no more changes in significant value drivers. In this way, extraordinary effects in the projection can be adjusted and the projection can be converted into sustainable estimates. This procedure was followed. To derive the sustainable result, a convergence phase for the period 2029 to 2030 was initially taken into account and then a perpetual annuity was applied.

### Sustainable result

878. At the end of the detailed planning period in 2028, Schaeffler is not yet in the steady state required for the recognition of the terminal value. This is mainly due to the fact that Schaeffler is in the process of establishing its electric mobility business during the detailed planning period, meaning that the comparatively high growth of this business has to be transferred to a sustainable level as part of the Convergence. The relatively high organic growth in the existing business is also not yet at a sustainable level. Overall, it is still expected that demand for vehicles with combustion engines will tend to be subdued in the long term, while the growth prospects for hybrid and electric vehicles are more positive in the future.

879. In the convergence phase, the revenue growth rate of 5.7% achieved in the last detailed planning year 2028 will be increased on a straight-line basis over a period of two years based on the further development of revenue to the sustainable level assumed for the continuation phase of initially 1.00% or 0.82%, taking into account a rating effect in the terminal value growth rate. Even in the fast-growing e-mobility market, future growth prospects are limited by the general growth in purchasing power and intense competition.

880. On October 13, 2023, the rating agency Fitch confirmed Schaeffler's previous rating of *BB+* with a stable outlook. This does not take into account any synergies from the overall transaction. On December 26, 2023, the rating agency S&P also affirmed its rating of *BB+ with a* stable outlook. Also S&P does not take into account any material synergies from the overall transaction. This

---

[211] See WP Handbook II, 2014, para. A 238 for the justification for the use of a Convergence or rough planning phase.

rating of *BB+* corresponds to the "non-investment grade" category[212] and was checked for plausibility using an indicative rating analysis without potential synergies from the planned merger in accordance with Moody's methodology. The "non-investment grade" rating category results in particular from a relatively high level of debt. A period-specific indicative rating was also simulated over the planning period from 2024 to 2028 in accordance with Moody's methodology, which is expected to remain at a relatively stable level, predominantly in the "non-investment grade" category, according to the key financial figures in the business plan. In the planning period and until the perpetuity, the indicative rating is *BB+* on average. Consequently, according to the simulated rating, there are also risks of potential payment defaults in the planning period. At Vitesco, on the other hand, the simulated rating is in the "investment grade" category over the planning period. This difference with regard to the consideration of potential payment defaults is quantified in the perpetuity by an additional reduction of Schaeffler's growth discount. Based on a terminal value growth rate of 1.00% in the perpetual annuity, a valuation was first performed taking into account the period-specific indicative rating with corresponding survival and default probabilities relating to the financial surpluses. The resulting value per share can also be expressed by a discount of 0.18% on the terminal value growth rate (rating effect). A terminal value growth rate of around 0.82% was therefore calculated and recognized in the perpetual annuity (see para. 890 et seq.).

881. The gross profit margin is expected to reach a steady state of 21.9% during the convergence from 22.7% in 2028. The sustainable gross profit margin is therefore at the historical level of 2023.

882. Schaeffler's EBITDA margin is converged to a sustainable level of 13.5%, taking into account the historical margins achieved and the level of the peer group companies. This corresponds to the sustainable level used in the valuation of Vitesco. The sustainable EBITDA margin is therefore slightly lower than the EBITDA margin of the last planning year 2028 of 14.0%.

883. Schaeffler's long-term financial result results from the continued development of interest bearing liabilities. These will be repaid during the convergence phase in accordance with the repayment schedule. The interest rates on Interest bearing liabilities from the last plan year averaging 5.18% will be continued on a sustainable basis.

884. The tax rate calculated by Schaeffler is based on the respective income taxes incurred in Germany and abroad. Schaeffler's regional presence is considered sustainable in the last planning year. All tax loss carry forwards will have been utilized by the end of the planning period in 2028. Schaeffler's tax rate in the last planning year is 26.7%. The previously described adjustment of interest expenses as part of the recognition of the 38.87% stake in Vitesco in special items (see section 5.2.3.3) results in higher earnings before taxes. This in turn results in a lower tax rate in the planning period, which is 25.6% in 2028. The tax rate of 25.6% in 2028 was thus

[212] On October 23, 2023, the rating agency Moody's confirmed the rating of *Baa3* (*BBB-* according to the S&P rating scale), with which Schaeffler has been rated since March 29, 2023, with a stable outlook, which corresponds to the "investment grade" category. This rating takes into account significant synergies from the overall transaction. However, as the valuation for the assessment of the appropriate exchange ratio is carried out from a stand-alone perspective, this rating is not relevant for the purposes of the Expert Opinion.

continued on a sustainable basis. The deferred taxes shown in the planned Balance Sheet will remain constant in the convergence phase.

885. Schaeffler's annual result declines slightly during the convergence phase and develops to a sustainable level of 4.9% of revenue until perpetuity. This development is in line with the slight decline in the EBITDA margin during the convergence phase. The annual result (as a percentage of revenue) is therefore above the historical level of the past three financial years of 3.8% on average.

886. With respect to investments in intangible assets and right-of-use assets from leases, Schaeffler is in a sustainable condition at the end of the planning period. For this reason, the CAPEX ratio of intangible assets of 0.2% for the last planning year 2028 and the CAPEX ratio of 0.3% for right-of-use assets from leases for the last planning year 2028 will continue to be sustainable. Schaeffler is not yet in a steady state with respect to capital expenditures on property, plant and equipment at the end of 2028. As the ratio of capital expenditures on property, plant and equipment is lower in the planning period compared to history and compared to the peer group, it will be raised to the historical level of 5.0% in the convergence phase. This also corresponds to the sustainable level assumed in the valuation of Vitesco.

887. The sustainable level of the working capital items inventories, trade receivables and trade payables is extrapolated using the respective key figures of days inventory outstanding (DIO), days payable outstanding (DPO) and days revenue outstanding (DSO) from the last year of detailed planning.

888. Cash and cash equivalents in the continuation phase result from the integrated development of the Profit & Loss Statement and Balance Sheet, taking into account the minimum operating cash and the dividend distribution. A sustainable minimum operating cash level of approx. 10% of revenue is assumed. This corresponds to the sustainable level of cash and cash equivalents assumed in the valuation of Vitesco.

889. Equity is developed on an integrated basis, taking into account the annual result for the respective period and the dividend distributions. In the pre-tax calculation, it is assumed that the liquidity in excess of the liquidity required for operating purposes is distributed in full. In the after-tax calculation, on the other hand, a distribution ratio of 50.0% (before personal taxes) of the annual result is assumed. This corresponds to the average payout ratio of the peer groups of Schaeffler and Vitesco, as well as Schaeffler's long-term payout target. The valuation of Vitesco is also based on a payout ratio of 50.0%.

### Terminal value growth rate

890. Schaeffler's business plan is a nominal projection. When discussing sustainable growth in financial surpluses for the going concern approach, nominal growth must be taken into account. In economic terms, this is made up of price increases or inflation-related growth and real growth. Real growth, in turn, can include volume growth and structural effects (product mix shifts). In valuation practice, only inflation-related growth is regularly assumed in the forecast for the continuation phase. Real growth beyond the detailed planning phase is often not taken into

account. However, since the nominal industry growth rate and the company's market position are relevant for estimating the sustainable growth rate, it is necessary to include other components in addition to price-related growth, such as the possibility of passing on price increases to customers or the development and future prospects of the relevant revenue markets, in order to estimate the sustainable nominal growth rate. Compared to Vitesco, Schaeffler's strategy and product portfolio are less focused on the electrification of the powertrain and the growing market for e-mobility, but more on mechanical components for automotive and industrial applications, a market that offers solid prospects for the future. While automotive suppliers usually tend to pass on price reductions to customers through efficiency gains due to contractual agreements and high competitive pressure, among other factors, Schaeffler has recently been able to pass on some inflation-related price increases for input factors to customers. While the Automotive Aftermarket segment tends not to be able to pass on price increases in a market characterized by price, quality, and availability, the Industrial segment is better able to pass on inflation-related price increases. The assumed sustainable growth rate is 1.00% p.a. before taking the rating effect into account. If the aforementioned rating effect is taken into account in the sustainable growth rate, this amounts to 0.82% p.a. Compared to Vitesco, the sustainable growth rate applied is lower, as Vitesco's focus is much more on the electrification of the powertrain than Schaeffler's and the market for e-mobility has significantly greater future growth potential than the traditional market for internal combustion engines and industrial applications. At the end of the detailed planning period, Schaeffler is expected to have a revenue share of only approximately 18% in the area of e-mobility, while Vitesco is expected to have a revenue share of 56% with products for electrification at the same time.

891. As at the valuation date, Schaeffler's highest revenue contribution is attributable to the Europe region. As the valuation object is also projected in Euro, inflation must also be primarily based on this currency. The ECB has an inflation target of 2.0% for Europe. It has already been observed in the past that inflationary growth is regularly below the target value specified by the central banks. An introductory analysis of this has already been provided in the "Macroeconomic situation and outlook" section. In the period from 2015 to 2020, inflation rates below 2.0% were achieved in the eurozone and in Germany. In the wake of crises such as the Covid-19 pandemic and the war in Ukraine, an average inflation rate of 2.2% is forecast for the euro area and 2.4% for Germany in the period from 2024 to 2028. In the long-term forecast, it can be assumed that inflation will level off at the ECB's inflation target.

892. In an overall assessment of all growth components, a sustainable, sector-specific, nominal growth rate of 1.00% (before taxes and rating effect) or 0.82% (before taxes and after rating effect) with a market risk premium of 7.0% before personal taxes was used as a basis against the background of expected inflation and the assumption of a certain passing on of price increases in long-term customer relationships. The corresponding growth discount for determining the dividend discount value after personal taxes and rating effect is 0.71% with a market risk premium after personal taxes of 5.75%.

### Sustainable return on capital

893. The return on invested capital (*ROIC*) of Vitesco is above the weighted average cost of capital (*WACC*) at the end of the detailed planning phase and in the continuation phase. This means that any growth achieved in the continuation phase is profitable and value-enhancing.[213] This also applies at the level of the equity providers, as the return on equity is higher than the cost of equity.

894. In order to present the sensitivity of the equity value according to the DVFA recommendations (before personal taxes) in relation to the reduced beta factor of 0.90, it is considered appropriate to reduce the growth discount to 0.50% before rating effect or 0.27% after rating effect in order to reflect interactions in the form of a lower operating risk in the financial surpluses.

[213] See section 5.4 “Value drivers and KPIs” for the difference between ROIC and WACC and attachment 5 "DCF valuation using the WACC method".

## 5.4 Overview of key figures and value drivers

| Adjusted Profit & Loss Statement | Historical (adj.) | | | Projection | | | | | Convergence | | TV | *CAGR* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | *2023-2028* |
| **Revenues** | **13,851.6** | **15,809.1** | **16,312.9** | **17,073.8** | **18,155.1** | **19,759.1** | **21,465.3** | **22,690.2** | **23,434.2** | **23,626.4** | **23,820.1** | *6.8%* |
| *growth (yoy)* | - | *14.1%* | *3.2%* | *4.7%* | *6.3%* | *8.8%* | *8.6%* | *5.7%* | *3.3%* | *0.8%* | *0.8%* | |
| Cost of sales | -10,404.6 | -12,224.3 | -12,717.0 | -13,197.7 | -14,009.1 | -15,269.1 | -16,631.3 | -17,542.8 | -18,292.0 | -18,442.0 | -18,593.2 | *6.6%* |
| **Gross profit** | **3,447.0** | **3,584.8** | **3,595.9** | **3,876.1** | **4,146.0** | **4,490.0** | **4,834.0** | **5,147.4** | **5,142.2** | **5,184.4** | **5,226.9** | *7.4%* |
| *in % of revenues* | *24.9%* | *22.7%* | *22.0%* | *22.7%* | *22.8%* | *22.7%* | *22.5%* | *22.7%* | *21.9%* | *21.9%* | *21.9%* | |
| Selling and administrative expenses | -1,517.9 | -1,734.9 | -1,825.3 | -1,843.2 | -1,962.9 | -2,053.3 | -2,173.5 | -2,181.6 | -2,312.3 | -2,390.9 | -2,410.5 | *3.6%* |
| Research and development expenses | -748.1 | -767.9 | -767.9 | -792.1 | -801.4 | -800.7 | -784.6 | -772.9 | -798.2 | -804.8 | -811.4 | *0.1%* |
| Other operating income | 69.6 | 43.2 | 93.3 | 43.1 | 3.1 | 4.5 | 5.5 | 5.8 | 6.0 | 6.1 | 6.1 | *-42.6%* |
| Other operating expenses | -62.0 | -32.5 | 0.0 | -48.8 | -2.5 | -27.2 | -64.2 | -53.3 | -55.0 | -55.4 | -55.9 | |
| **EBIT** | **1,188.7** | **1,092.7** | **1,096.0** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** | **1,982.7** | **1,939.3** | **1,955.2** | *14.4%* |
| *in % of revenues* | *8.6%* | *6.9%* | *6.7%* | *7.2%* | *7.6%* | *8.2%* | *8.5%* | *9.5%* | *8.5%* | *8.2%* | *8.2%* | |
| Total depreciations (throughout all functions) | 958.2 | 984.3 | 1,001.8 | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 | 1,240.0 | 1,250.2 | 1,260.5 | *0.6%* |
| **EBITDA** | **2,146.9** | **2,077.0** | **2,097.8** | **2,245.0** | **2,381.8** | **2,613.7** | **2,827.8** | **3,177.8** | **3,222.8** | **3,189.6** | **3,215.7** | *8.7%* |
| *in % of revenues* | *15.5%* | *13.1%* | *12.9%* | *13.1%* | *13.1%* | *13.2%* | *13.2%* | *14.0%* | *13.8%* | *13.5%* | *13.5%* | |
| Financial results | -122.0 | -121.3 | -212.0 | -346.9 | -330.1 | -336.3 | -342.4 | -361.4 | -365.5 | -368.5 | -371.6 | *11.3%* |
| **Results from ordinary activities** | **1,066.7** | **971.4** | **884.0** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** | **1,617.2** | **1,570.8** | **1,583.7** | *15.1%* |
| Extraordinary results | 55.7 | -119.1 | -308.4 | - | - | - | - | - | - | - | - | *-100.0%* |
| **Income before tax** | **1,122.4** | **852.3** | **575.6** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** | **1,617.2** | **1,570.8** | **1,583.7** | *25.4%* |
| *in % of revenues* | *8.1%* | *5.4%* | *3.5%* | *5.2%* | *5.8%* | *6.5%* | *6.9%* | *7.9%* | *6.9%* | *6.6%* | *6.6%* | *17.4%* |
| Taxes on income | -347.5 | -267.6 | -240.5 | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 | -413.3 | -401.4 | -404.7 | *13.6%* |
| *Effective tax rate (in %)* | *31.0%* | *31.4%* | *41.8%* | *33.2%* | *26.8%* | *25.8%* | *26.0%* | *25.6%* | *25.6%* | *25.6%* | *25.6%* | |
| **Annual result** | **774.9** | **584.6** | **335.2** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** | **1,203.9** | **1,169.4** | **1,179.0** | *31.7%* |
| *in % of revenues* | *5.6%* | *3.7%* | *2.1%* | *3.5%* | *4.2%* | *4.8%* | *5.1%* | *5.9%* | *5.1%* | *4.9%* | *4.9%* | |

**Balance Sheet**

| **Assets** | **Historical (adj.)** | | | **Projection** | | | | | **Convergence** | | **TV** | ***CAGR*** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | *2023-2028* |
| Intangible assets | 496.8 | 916.3 | 1,617.1 | 1,565.9 | 1,525.9 | 1,489.0 | 1,455.3 | 1,419.7 | 1,431.3 | 1,443.1 | 1,454.9 | *-2.6%* |
| Tangible assets | 4,956.0 | 4,828.3 | 4,791.0 | 4,951.7 | 5,132.0 | 5,224.2 | 5,382.4 | 5,577.6 | 5,623.3 | 5,669.4 | 5,715.9 | *3.1%* |
| Financial assets | 1,741.6 | 1,435.5 | 1,442.9 | 1,260.5 | 1,237.0 | 1,218.2 | 1,197.9 | 1,202.4 | 1,202.4 | 1,212.3 | 1,222.2 | *-3.6%* |
| **Fixed assets** | **7,194.4** | **7,180.0** | **7,851.0** | **7,778.1** | **7,894.9** | **7,931.4** | **8,035.6** | **8,199.7** | **8,257.1** | **8,324.8** | **8,393.1** | ***0.9%*** |
| Inventories | 2,495.0 | 2,795.7 | 2,812.3 | 2,834.4 | 3,012.3 | 3,274.6 | 3,458.3 | 3,637.4 | 3,756.7 | 3,787.5 | 3,818.5 | ***5.3%*** |
| Contract assets | 52.0 | 54.5 | 65.2 | 59.2 | 64.8 | 65.7 | 66.5 | 66.8 | 69.0 | 69.6 | 70.1 | ***0.5%*** |
| Receivables and other assets | 2,273.6 | 2,519.0 | 2,574.7 | 2,810.4 | 2,991.1 | 3,305.0 | 3,665.4 | 3,893.6 | 4,021.3 | 4,054.3 | 4,087.5 | *8.6%* |
| Cash and cash equivalents | 1,822.0 | 1,062.7 | 768.9 | 2,229.3 | 1,815.5 | 1,975.9 | 2,146.5 | 2,269.0 | 2,343.4 | 2,362.6 | 2,382.0 | *24.2%* |
| Other current assets | 527.2 | 672.4 | 575.0 | 571.0 | 632.9 | 669.7 | 693.7 | 795.1 | 817.8 | 824.5 | 831.3 | *6.7%* |
| **Current assets** | **7,169.7** | **7,104.3** | **6,796.1** | **8,504.2** | **8,516.6** | **9,290.8** | **10,030.5** | **10,662.0** | **11,008.2** | **11,098.5** | **11,189.5** | ***9.4%*** |
| **Total assets** | **14,364.2** | **14,284.3** | **14,647.1** | **16,282.3** | **16,411.5** | **17,222.2** | **18,066.1** | **18,861.7** | **19,265.3** | **19,423.3** | **19,582.5** | ***5.2%*** |

**Balance Sheet**

| **Equity & Liabilities** | **Historical (adj.)** | | | **Projection** | | | | | **Convergence** | | **TV** | ***CAGR*** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | | *2023-2028* |
| **Equity** | **3,165.0** | **4,141.1** | **3,735.4** | **4,328.7** | **5,082.9** | **4,941.8** | **5,839.8** | **6,307.1** | **7,511.0** | **7,572.6** | **7,634.7** | ***11.0%*** |
| **Provisions** | **755.1** | **270.5** | **356.6** | **359.0** | **371.5** | **384.0** | **409.0** | **409.0** | **414.4** | **417.8** | **421.2** | ***2.8%*** |
| **Interest bearing liabilities** | **6,650.6** | **5,735.4** | **6,391.7** | **7,572.1** | **6,704.3** | **7,429.2** | **7,084.6** | **7,170.2** | **6,204.7** | **6,255.6** | **6,306.9** | ***2.3%*** |
| **Non-interest bearing liabilities** | **3,793.5** | **4,137.3** | **4,163.5** | **4,022.4** | **4,252.8** | **4,467.2** | **4,732.7** | **4,975.4** | **5,135.2** | **5,177.3** | **5,219.8** | ***3.6%*** |
| **Total equity and liabilities** | **14,364.2** | **14,284.3** | **14,647.1** | **16,282.3** | **16,411.5** | **17,222.2** | **18,066.1** | **18,861.7** | **19,265.3** | **19,423.3** | **19,582.5** | ***5.2%*** |

| Value Drivers and KPIs | Historical (adj.) | | | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|---|---|---|
| in EUR m | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Revenues** | **13,851.6** | **15,809.1** | **16,312.9** | **17,073.8** | **18,155.1** | **19,759.1** | **21,465.3** | **22,690.2** | **23,434.2** | **23,626.4** | **23,820.1** |
| *growth (yoy)* | | *14.1%* | *3.2%* | *4.7%* | *6.3%* | *8.8%* | *8.6%* | *5.7%* | *3.3%* | *0.8%* | *0.8%* |
| EBITDA | 2,146.9 | 2,077.0 | 2,097.8 | 2,245.0 | 2,381.8 | 2,613.7 | 2,827.8 | 3,177.8 | 3,222.8 | 3,189.6 | 3,215.7 |
| *in % of revenues* | *15.5%* | *13.1%* | *12.9%* | *13.1%* | *13.1%* | *13.2%* | *13.2%* | *14.0%* | *13.8%* | *13.5%* | *13.5%* |
| EBIT | 1,188.7 | 1,092.7 | 1,096.0 | 1,235.1 | 1,382.4 | 1,613.3 | 1,817.2 | 2,145.5 | 1,982.7 | 1,939.3 | 1,955.2 |
| *in % of revenues* | *8.6%* | *6.9%* | *6.7%* | *7.2%* | *7.6%* | *8.2%* | *8.5%* | *9.5%* | *8.5%* | *8.2%* | *8.2%* |
| Annual result | 774.9 | 584.6 | 335.2 | 593.4 | 770.1 | 947.3 | 1,091.2 | 1,328.2 | 1,203.9 | 1,169.4 | 1,179.0 |
| *in % of revenues* | *5.6%* | *3.7%* | *2.1%* | *3.5%* | *4.2%* | *4.8%* | *5.1%* | *5.9%* | *5.1%* | *4.9%* | *4.9%* |
| **NOPLAT** | **849.4** | **652.5** | **414.9** | **828.7** | **1,015.6** | **1,200.8** | **1,348.5** | **1,601.3** | **1,480.3** | **1,448.0** | **1,459.9** |
| *in % of revenues* | *6.1%* | *4.1%* | *2.5%* | *4.9%* | *5.6%* | *6.1%* | *6.3%* | *7.1%* | *6.3%* | *6.1%* | *6.1%* |
| **Fixed Assets** | **7,194.4** | **7,180.0** | **7,851.0** | **7,778.1** | **7,894.9** | **7,931.4** | **8,035.6** | **8,199.7** | **8,257.1** | **8,324.8** | **8,393.1** |
| *growth (yoy)* | | *-0.2%* | *9.3%* | *-0.9%* | *1.5%* | *0.5%* | *1.3%* | *2.0%* | *0.7%* | *0.8%* | *0.8%* |
| *Turnover* | | *2.2x* | *2.3x* | *2.2x* | *2.3x* | *2.5x* | *2.7x* | *2.8x* | *2.9x* | *2.9x* | *2.9x* |
| **CAPEX** | | **-1,276.0** | **-1,665.3** | **-1,119.4** | **-1,139.7** | **-1,055.8** | **-1,135.1** | **-1,191.9** | **-1,297.4** | **-1,308.1** | **-1,318.8** |
| *in % of revenues* | | *-8.1%* | *-10.2%* | *-6.6%* | *-6.3%* | *-5.3%* | *-5.3%* | *-5.3%* | *-5.5%* | *-5.5%* | *-5.5%* |
| **CAPEX in tangible assets (excl. IFRS 16)** | **-748.0** | **-738.8** | **-823.4** | **-1,001.7** | **-1,020.5** | **-940.7** | **-1,016.1** | **-1,070.1** | **-1,171.7** | **-1,181.3** | **-1,191.0** |
| *in % of revenues* | *-5.4%* | *-4.7%* | *-5.0%* | *-5.9%* | *-5.6%* | *-4.8%* | *-4.7%* | *-4.7%* | *-5.0%* | *-5.0%* | *-5.0%* |
| **Working Capital** | **2,621.2** | **2,696.5** | **2,276.0** | **4,122.8** | **3,892.3** | **4,439.7** | **4,888.8** | **5,277.6** | **5,458.6** | **5,503.4** | **5,548.5** |
| *growth (yoy)* | | *2.9%* | *-15.6%* | *81.1%* | *-5.6%* | *14.1%* | *10.1%* | *8.0%* | *3.4%* | *0.8%* | *0.8%* |
| *Turnover* | | *6.0x* | *6.0x* | *7.5x* | *4.4x* | *5.1x* | *4.8x* | *4.6x* | *4.4x* | *4.3x* | *4.3x* |
| **Invested Capital (asset side)** | **9,815.6** | **9,876.5** | **10,127.0** | **11,900.9** | **11,787.1** | **12,371.1** | **12,924.4** | **13,477.3** | **13,715.7** | **13,828.2** | **13,941.6** |
| *growth (yoy)* | | *0.6%* | *2.5%* | *17.5%* | *-1.0%* | *5.0%* | *4.5%* | *4.3%* | *1.8%* | *0.8%* | *0.8%* |
| *Turnover* | | *1.6x* | *1.7x* | *1.7x* | *1.5x* | *1.7x* | *1.7x* | *1.8x* | *1.7x* | *1.7x* | *1.7x* |
| **Interest-bearing debt (book value)** | 6,650.6 | 5,735.4 | 6,391.7 | 7,572.1 | 6,704.3 | 7,429.2 | 7,084.6 | 7,170.2 | 6,204.7 | 6,255.6 | 6,306.9 |
| Equity (book value) | 3,165.0 | 4,141.1 | 3,735.4 | 4,328.7 | 5,082.9 | 4,941.8 | 5,839.8 | 6,307.1 | 7,511.0 | 7,572.6 | 7,634.7 |
| Equity (market value) | | | | 13,119.2 | 15,147.8 | 15,314.5 | 16,010.6 | 16,589.9 | 16,965.8 | 17,181.4 | 17,322.3 |
| **Financial leverage (at market values)** | | | | **57.7%** | **44.3%** | **48.5%** | **44.2%** | **43.2%** | **36.6%** | **36.4%** | **36.4%** |
| **Return on Invested Capital (ROIC) based on book values** | | **6.6%** | **4.2%** | **8.2%** | **8.5%** | **10.2%** | **10.9%** | **12.4%** | **11.0%** | **10.6%** | **10.6%** |
| Weighted Average Cost of Captial (WACC) | | | | 8.3% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% | 8.6% |
| **ROIC - WACC Spread (book values)** | | | | **-0.1%** | **-0.0%** | **1.6%** | **2.3%** | **3.8%** | **2.4%** | **2.0%** | **2.0%** |
| **Return on Capital Employed (ROCE) based on book values** | | **9.7%** | **7.2%** | **12.2%** | **11.7%** | **13.7%** | **14.7%** | **16.6%** | **14.8%** | **14.2%** | **14.2%** |
| **Free Cash Flow (FCF)** | | | | **-945.1** | **1,129.3** | **616.9** | **795.2** | **1,048.4** | **1,241.9** | **1,335.6** | **1,346.5** |
| *growth (yoy)* | | | | | *-219.5%* | *-45.4%* | *28.9%* | *31.8%* | *18%* | *7.5%* | *0.8%* |

## 5.5 Cost of capital

895. The financial surpluses to be discounted are to be discounted using the dividend discount method in accordance with IDW S 1 with the cost of equity after personal taxes.[214] These are derived from the risk free interest rate after personal taxes plus a risk premium derived from the debt beta factor and the market risk premium after personal taxes.

896. To determine the value before personal taxes in accordance with the DVFA recommendations, the financial surpluses are to be discounted with the levered cost of equity before personal taxes, which result from the risk free interest rate before personal taxes plus a risk premium derived from the levered beta factor and the market risk premium before personal taxes.

### 5.5.1 Risk free rate

897. A uniform risk free rate of 1.84% after personal taxes and 2.50% before personal taxes is assumed as at the valuation date.[215]

### 5.5.2 Risk premium

**Market risk premium**

898. The market risk premium is defined as the difference between the expected value of the long-term returns of a market portfolio consisting of risky securities and the current risk free risk free rate on the valuation date, which is represented by the (quasi) risk free interest rate of government bonds. On the basis of independent studies of total returns on the capital market, which are presented in detail in section 4.5, and the recommendations of the FAUB, the practice widely used in company valuations for structural measures under stock corporation law is followed and the mean value of the range recommended by the FAUB for the market risk premium of 5.75% after personal taxes and 7.0% before personal taxes is applied.[216]

**Beta factor**

899. The market risk premium discussed in the previous paragraph must be modified with regard to the specific risk structure of the company to be valued. The company-specific risk is expressed in the so-called beta factor according to the (tax) CAPM.

900. Since Schaeffler AG is a publicly listed company, Schaeffler AG's own beta factor can initially be used to estimate an appropriate beta factor, provided that it represents an adequate estimator for the business model risk reflected in the business plan. This is particularly the case if the corporate strategy and orientation of the past will be continued essentially unchanged in the

[214] With regard to the basic derivation of the cost of equity as part of the dividend discount method, please refer to the explanations in section 4.5.

[215] For the derivation of the risk free rate, see section 4.5.1.

[216] See section 4.5.2 for the reasons for deriving the MRP.

future and the stock price as the basis for determining the beta factor is not distorted by special factors in the relevant observation period.

901. The historical stock price performance of Schaeffler's preference shares in recent years reflects the challenges faced by traditional automotive suppliers with a focus on internal combustion technologies, such as the shift in the automotive industry towards electric mobility, intense global competition, and the need to continuously adapt to technological changes. The Schaeffler preference share was only able to follow the trend of the industry indices for certain periods. From June 2020 and April 2023 in particular, there were longer periods in which Schaeffler's preference shares decoupled from the market trend and recorded significantly weaker returns than the market. Schaeffler's preference shares do not appear to have fully reflected the company's economic development and strategic realignment for some time.

902. For the period after the announcement of the Tender Offer and the planned merger with Vitesco AG on October 9, 2023, no unbiased own beta factor of Schaeffler AG can be calculated that adequately represents the risk of Schaeffler's stand-alone business model. Therefore, the own beta factor was calculated as at October 6, 2023 (Friday and thus last trading day before October 9, 2023) for observation periods of five years with monthly returns and two years with weekly returns. The beta factors determined were subjected to various significance tests (R-squared and t-statistics). Taking into account the five-year and two-year observation periods, a statistically significant unlevered own beta factor of around 0.70 was derived.

903. The analysis of the stock price of Schaeffler's preference shares in section 5.6.4 does not show any statistical evidence of a lack of liquidity, market tightness, or price manipulation in the past. The liquidity of the Schaeffler preference share was analysed over various periods of time, taking into account criteria from case law. Based on the aforementioned liquidity criteria, the Schaeffler preference share has sufficient liquidity as defined by case law.

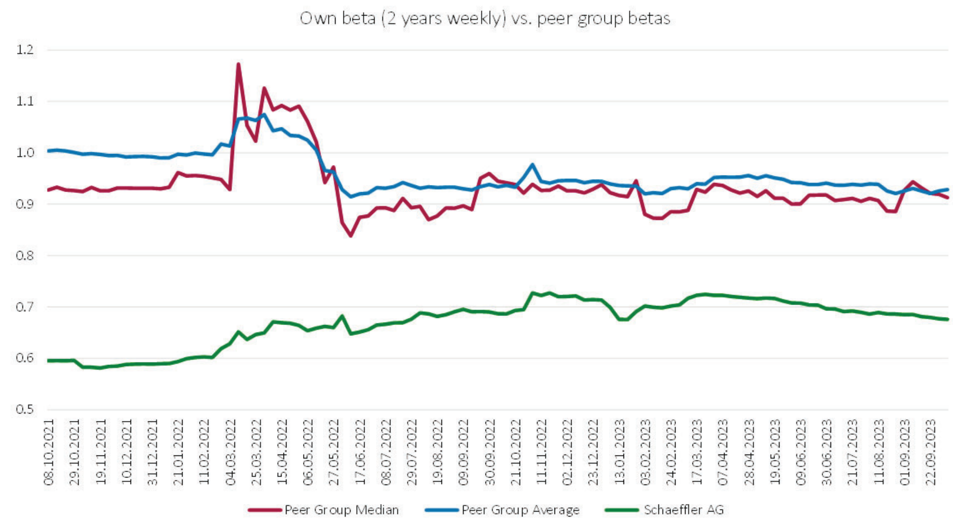
904. However, it should be noted that the own beta factor as at October 6, 2023 can only be derived based on the listed preference shares of Schaeffler AG. All of the company's 500 million common shares are not listed and are held by IHO Verwaltungs GmbH, which thus holds a 75.1% equity interest in Schaeffler AG. This means that Schaeffler AG has one large block shareholder with all voting rights. In addition, IHO Beteiligungs GmbH has held approximately 20.2 million of the 166 million outstanding non-voting preference shares since December 2023, representing a further 3.0% of Schaeffler AG's capital. As Schaeffler AG's common shares are not listed on the stock exchange, the company's own beta factor can only be determined using preference shares. Deriving the own capitalization factor based solely on the performance of preference shares has limitations with respect to the comprehensive presentation of the company's operational risk. Therefore, the reference to preference shares only (in contrast to Vitesco with common shares only) in the derivation of the own beta factor could lead to not all company-specific risks, in particular those in the operating area, being adequately taken into account.

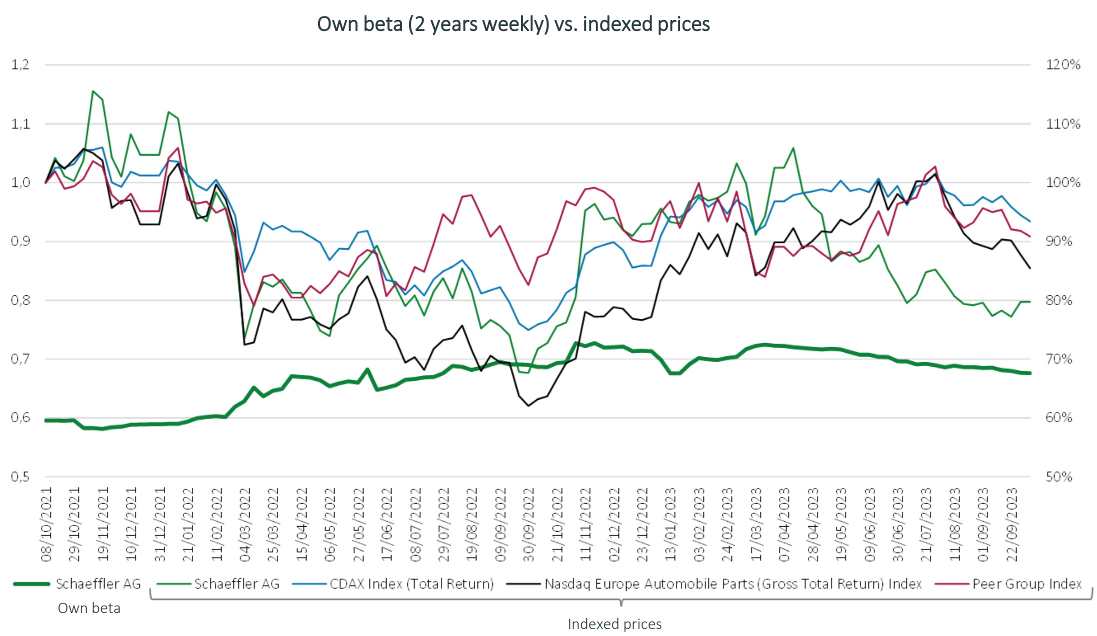
905. Furthermore, from June 2020 and April 2023 in particular, longer periods were observed in which Schaeffler AG's listed preference shares decoupled from the market trend and recorded significantly weaker returns than the market. One reason for this could be, to a certain extent,

a grouping effect at Schaeffler. The diversification across the three divisions Automotive Technologies, Automotive Aftermarket and Industrial, each with different cyclicality, could also make valuation by investors and an understanding of the company as a whole more difficult and lead to the Schaeffler preference share possibly being neglected on the stock market and reflecting a holding discount. The fact that the Schaeffler preference share does not reflect the economic development of the company over phases and instead moves flat compared to the market may also be due to the existence of a block shareholder that holds more than 75% of the capital shares in the company and all voting rights. In addition, Schaeffler has historically had a very high dividend yield compared to peer group companies. In this respect, it is often evident on the market that prices of high-dividend stocks are hedged downwards if high dividend yields can be maintained. The constellation of non-voting preference shares with a high dividend yield is particularly suitable for investors with purely financial interests who do not wish to exercise control over a company with their voting rights.

906. In addition, the historical analysis of Schaeffler's preference shares and thus the own beta factor as at October 6, 2023, does not reflect the strategic focus on electric mobility, which is supposed to be one of the company's growth drivers. In addition, apart from the recovery in revenue to pre-Covid-19 pandemic levels, lower growth rates have been observed over the past five years than in the valuation-relevant business plan, which is based on purely organic growth. As a result, Schaeffler's business plan is characterized by a higher risk due to the change in the focus of business activities compared to its own history.

907. The fact that the Schaeffler preference share's own beta factor is unsuitable for mapping the operating risk is also clear when compared to the historical development of the peer group beta factors and the historical development of the sector indices and the CDAX:




908. The Schaeffler preference share's own beta factor has been very stable in the range of approximately 0.60 to 0.70 over the past two years prior to the announcement of the Tender Offer on October 9, 2023. Significant market movements, e.g. due to the start of the war in Ukraine, which are reflected both in the indices and in the beta factors of the peer group, only have a

minor impact on the Schaeffler preference share's own beta factor. This shows a clear decoupling of the intrinsic beta factor from market influences, meaning that it does not appear to adequately reflect the operational risk or the change in Schaeffler's corporate strategy.

909. As a result, there are doubts as to the clear suitability of Schaeffler's own beta factor, meaning that it may not represent a suitable basis for estimating the company's future operating risk. Due to the limitations of Schaeffler's own beta factor, the unlevered beta factors of Schaeffler's peer group companies are analysed. This peer group beta factor - ensured by a scoring analysis - shows an operating risk sufficiently comparable to the valuation object and can therefore be used to determine the cost of capital for the valuation object.

910. As with the consideration of the own beta factor, it must also be checked in connection with the relevance of the returns determined from the stock prices of the peer group companies whether the returns used to determine the beta factor are not affected by distortions in the stock prices of the respective peer group companies. If the free float and trading volume are low and the share price is influenced by other non-value-related events, individual beta factors of the peer group companies are not taken into account when determining the beta factor due to the limited "marketability" of the respective shares.

911. Based on the debt beta factors observable on the capital market for the respective peer companies, unlevered beta factors are determined using the Harris-Pringle formula, taking into account the capital structure (i.e. debt ratio) and uncertain tax advantages of debt financing. Debt betas are determined on the basis of credit spreads, which are derived from the debt rating and debt maturity of the respective company.

912. An analysis of the identified peer group companies with regard to the observable beta factors shows the following picture:

| | | Beta levered | | Leverage | | Beta unlevered | |
|---|---|---|---|---|---|---|---|
| | | 5 years 2024 - 2020 | 2 years 2024 - 2023 | 5 years 2024 - 2020 | 2 years 2024 - 2023 | 5 years 2024 - 2020 | 2 years 2024 - 2023 |
| Company | Index | monthly | weekly | monthly | weekly | monthly | weekly |
| Dana Incorporated | S&P 500 | 2.55 | 1.66 | 1.1x | 1.2x | 1.37 | 0.89 |
| ElringKlinger AG | CDAX Index (Total Return) | 1.61 | 1.70 | 1.3x | 1.1x | 0.87 | 0.97 |
| Cummins Inc. | S&P 500 | 1.02 | 0.95 | 0.2x | 0.2x | 0.90 | 0.82 |
| American Axle & Manufacturing Holdings, Inc. | S&P 500 | 2.28 | 1.64 | 3.6x | 3.9x | 0.70 | 0.55 |
| Dowlais Group plc | FTSE All-Share Index (GBP) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| MS Industrie AG | CDAX Index (Total Return) | 0.83 | n.a. | 1.5x | n.a. | 0.68 | n.a. |
| DENSO Corporation | TOPIX INDEX | 1.41 | 1.67 | 0.2x | 0.2x | 1.20 | 1.44 |
| JTEKT Corporation | TOPIX INDEX | 1.55 | 1.47 | 0.8x | 0.8x | 0.97 | 0.93 |
| Linamar Corporation | S&P/TSX Composite Index | 1.46 | 1.09 | 0.4x | 0.3x | 1.10 | 0.89 |
| CIE Automotive, S.A. | STOXX Spain Total Market (Composite) | 1.03 | 0.92 | 0.6x | 0.6x | 0.70 | 0.64 |
| Kongsberg Automotive ASA | STOXX Norway Total Market (Composite) | 2.16 | 1.02 | 1.3x | 1.3x | 1.27 | 0.78 |
| Min | | 0.83 | 0.92 | 0.2x | 0.2x | 0.68 | 0.55 |
| Median | | 1.50 | 1.47 | 0.9x | 0.8x | 0.93 | 0.89 |
| Mean | | 1.59 | 1.35 | 1.1x | 1.1x | 0.98 | 0.88 |
| Max | | 2.55 | 1.70 | 3.6x | 3.9x | 1.37 | 1.44 |
| **Schaeffler AG** | **CDAX Index (Total Return)** | **1.36** | **1.36** | **1.37** | **1.53** | **0.71** | **0.68** |
| Median (Best Comps) | | 2.08 | 1.68 | 1.2x | 1.2x | 1.12 | 0.93 |
| Average (Best Comps) | | 2.08 | 1.68 | 1.2x | 1.2x | 1.12 | 0.93 |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database.*

913. Taking into account the two-year and five-year observation period, an unlevered beta factor of between 0.85 and 1.00 can be derived for Schaeffler's peer group companies as at February 23,

2024 ("capital market reporting date").[217] However, the five-year observation period may be distorted by special effects such as the Covid-19 pandemic, so that the two-year observation period is used as a basis. In addition, the average and median beta factors of the best comparable companies within the peer group (so-called "best comparables") were determined. These are the companies Dana Incorporated, ElringKlinger AG and Dowlais Group plc. These best comparables of Schaeffler were identified based on the operating risk as well as the growth and margin profile using forward-looking analyst estimates of revenue, EBITDA, EBIT, and OpFCF. Over the two-year and five-year periods under review, the beta factor of the best comparables is around 1.05, whereby the two-year observation period is more reliable with a beta factor of the best comparables of around 0.95. Due to the relatively wide range of peer group beta factors, the very limited informative value of the own beta factor and the discrepancy between Schaeffler AG's own beta factor and the peer group beta factors, the focus was placed on the best comparables in order to derive Schaeffler's operating risk.

914. In view of an own beta factor of limited significance, a comprehensive analysis of the peer group beta factors and in particular the best comparables, in each case taking into account a two-year and five-year observation period and the expected risk profile of Schaeffler's future financial surpluses, especially in the context of significant expected increases in revenue due to the planned expansion of the electrification portfolio and the implementation of the "Strategy 2025", which includes a change in the company's orientation towards electric mobility, a rounded appropriate beta factor of 0.95 results.

915. Based on the previously described market risk premium of 5.75% after personal taxes and the unlevered beta factor of 0.95, this results in a risk premium (for the operational risk) of 5.46% after personal taxes.

916. The unlevered cost of equity after personal taxes therefore amounts to

$$1.84\% + 0.95 \times 5.75\% = 7.30\%$$

917. Schaeffler's pre-tax unlevered cost of equity is presented below. Based on the market risk premium of 7.00% before personal taxes described above and the unlevered beta factor of 0.95, this results in a risk premium (for operating risk) of 6.65% before personal taxes.

918. The unlevered cost of equity before personal taxes therefore amounts to

$$2.50\% + 0.95 \times 7.00\% = 9.15\%$$

[217] Capital market data is always retrieved on Fridays in accordance with the valuation expert's procedure. February 23, 2024 is the next practicable cut-off date prior to the completion of this valuation report.

### 5.5.3 Growth discount

919. In the continuation phase, the cost of capital must be technically adjusted by a growth discount in order to take account of the planned long-term growth expectations. This sustainable growth in financial surpluses can be mathematically reflected in the cost of capital as a growth discount. Analogous to the derivation and approach of the growth rate of the sustainable financial surpluses described in section 5.3, a growth discount of 0.87% after personal taxes or 1.00% before personal taxes is applied to the perpetual annuity in the cost of capital. This growth discount is reduced due to the relatively lower rating of Schaeffler compared to Vitesco, so that an effective growth discount of 0.71% after personal taxes or 0.82% before personal taxes is used in the terminal value (see chapter 5.3).

## 5.6 Company valuation stand-alone

920. Due to the generally accepted application of the dividend discount method in accordance with IDW S 1 in the context of structural measures under stock corporation and transformation acts, the Cashflows to equity (FTE) after personal taxes are derived below on the basis of the planned profit & loss statements and the planned balance sheets. The equity value of Schaeffler after personal taxes is determined using direct typification and taking into account special items with a market risk premium of 5.75% after personal taxes.

921. In addition, the equity value is calculated in accordance with the DVFA recommendations before personal taxes, taking into account a market risk premium before personal taxes of 7.0%.

922. In addition, the stock price of the Schaeffler preference share as well as trading and transaction multiples are compared with the DCF values. In line with the plurality of methods in accordance with the DVFA recommendations, all valuation methods are to be regarded equivalent.

923. A sensitivity analysis is also presented.

### 5.6.1 Equity value after personal taxes in accordance with IDW S 1

#### 5.6.1.1 Dividend discount value

924. Due to the consideration of personal taxes in the dividend discount method under IDW S 1, additional assumptions with regard to the dividend distribution policy and the payout ratio are relevant. In order to consistently take into account the typified personal tax consequences, it is necessary to differentiate the distributions remaining after the necessary retention of earnings based on the plan assumptions for the investment program, the required changes in net working capital and the capital structure. For valuation purposes the remaining distributions are divided into dividends and a share of fictive retained earnings because dividends and capital gains represented through fictive retained earnings are effectively subject to a different tax burden at the shareholder level. In the detailed planning phase, dividend planning is assumed by Schaeffler. In the convergence phase and the continuation phase, a payout ratio of 50% derived from the peer group is assumed.

925. In the following, the financial surpluses after personal taxes are derived on the basis of the business plan:

| **Derivation of financial surpluses after pers. taxes** | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Annual result** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** | **1,203.9** | **1,169.4** | **1,179.0** |
| Dividend (before personal taxes) | - | 15.9 | 361.6 | 193.2 | 562.5 | 0.0 | 584.7 | 589.5 |
| Personal taxes on dividends | - | 4.2 | 95.4 | 50.9 | 148.4 | 0.0 | 154.2 | 155.5 |
| **Dividend after personal taxes** | **-** | **11.7** | **266.2** | **142.2** | **414.2** | **0.0** | **430.5** | **434.0** |
| Retention of earnings | 593.4 | 754.2 | -141.1 | 898.0 | 467.3 | 1,203.9 | 61.6 | 62.1 |
| Fictitious addition (before personal taxes) | - | - | 726.8 | - | 298.4 | - | 523.1 | 527.4 |
| Personal taxes on fictitious additions (13%) | - | - | 95.8 | - | 39.4 | - | 69.0 | 69.6 |
| **Fictitious additions (after personal taxes)** | **-** | **-** | **631.0** | **-** | **259.0** | **-** | **454.1** | **457.8** |
| **Financial surplus (after personal taxes)** | **-** | **11.7** | **897.2** | **142.2** | **673.2** | **0.0** | **884.6** | **891.9** |
| **Financial surpluses to be discounted** | **-** | **11.7** | **897.2** | **142.2** | **673.2** | **0.0** | **884.6** | **891.9** |

926. With regard to the cost of capital according to Tax-CAPM, the risk free rate and the market risk premium are each to be determined after personal taxes. The risk free rate after personal taxes is 1.84%. For valuation purposes, an appropriate market risk premium after personal taxes of 5.75% is assumed. Taking into account the direct typification of the tax burden, the effective personal taxes on the growth-related retention are deducted, so that the sustainable growth rate before personal taxes of 0.82% amounts to 0.71% in the after-tax consideration.

927. Based on the assumed market risk premium of 5.75% after personal taxes, an unlevered beta factor of 0.95 and a growth discount of 0.71%, the levered cost of equity after personal taxes is as follows:

| **Derivation of the levered cost of equity after pers. taxes** | **Planung** | | | | | **Konvergenz** | | **TV** |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| Risk free rate (before personal taxes) | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% |
| *Personal taxes (26.38%)* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* | *-0.66%* |
| **Risk free rate (after personal taxes)** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** | **1.84%** |
| Market risk premium (after personal taxes) | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% | 5.75% |
| Levered beta factor | 1.40 | 1.58 | 1.38 | 1.48 | 1.36 | 1.35 | 1.20 | 1.20 |
| Levered cost of equity after personal taxes | 9.88% | 10.91% | 9.78% | 10.34% | 9.67% | 9.63% | 8.74% | 8.75% |
| Terminal growth rate (after personal taxes) | - | - | - | - | - | - | - | 0.71% |
| **Levered cost of equity (after personal taxes) after growth discount** | **9.88%** | **10.91%** | **9.78%** | **10.34%** | **9.67%** | **9.63%** | **8.74%** | **8.03%** |

928. The cost of equity after personal taxes is in a range of 8.7% to 10.9%. Taking into account a market risk premium of 5.75% after personal taxes and a sustainable growth rate of 0.71% after personal taxes, the dividend discount value as of December 31, 2023 is EUR 7,402.1 million:

| **Market value of equity after pers. taxes** | | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Financial surpluses to be discounted** | | **-** | **11.7** | **897.2** | **142.2** | **673.2** | **0.0** | **884.6** | **891.9** |
| Levered cost of equity after personal taxes | | 9.88% | 10.91% | 9.78% | 10.34% | 9.67% | 9.63% | 8.74% | 8.75% |
| Terminal growth rate (after personal taxes) | | - | - | - | - | - | - | - | 0.71% |
| Levered cost of equity (after personal taxes) after growth discount | | 9.88% | 10.91% | 9.78% | 10.34% | 9.67% | 9.63% | 8.74% | 8.03% |
| Present-value factor | | 0.9 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 0.5 | 6.4 |
| **Present-value of financial surplus after personal taxes** | | **-** | **9.6** | **670.6** | **96.3** | **415.8** | **0.0** | **458.3** | **5,751.4** |
| **Market value of equity as of December 31, 2023** | **7,402.1** | | | | | | | | |

### 5.6.1.2 Minorities

929. As part of the analyses and discussions with those responsible for planning, non-controlling interests in attributable net income were identified that must be taken into account as minority interests in the valuation of Schaeffler. Profit attributable to non-controlling interests is not taken into account when deriving the dividend discount value and is instead deducted from the dividend discount value. Therefore, a reduction of the dividend discount value at Schaeffler in the amount of the present value of the earnings attributable to minority interests of EUR 401.0 m is necessary.

### 5.6.1.3 Special items

930. As part of the analyses and discussions with those responsible for planning, special items were identified that are taken into account in the valuation of Schaeffler.

### Special items of the investment in Vitesco

931. In connection with the Tender Offer, Schaeffler acquired a stake of 29.88% or 11,957,629 Vitesco shares at EUR 94.00 per Vitesco share. In addition, Schaeffler purchased a further 9.00% or 3,600,000 Vitesco shares at EUR 90.77 per Vitesco share from Bank of America on January 23, 2024. Schaeffler thus holds a total of 15,557,631 Vitesco shares or a 38.87% stake in Vitesco AG as at the valuation date.[218] According to the dividend discount method, the value of Vitesco as of December 31, 2023 is EUR 5,401.4 m and Schaeffler's 38.87% stake is EUR 2,099.7 m. Less, on the one hand, the transaction financing of approximately EUR 1.1 bn for the Tender Offer, which was eliminated from Schaeffler's statement of financial position for purposes of calculating the special item, and, on the other hand, the outstanding 20% of the purchase price still to be paid for the acquisition of the 3.600,000 Vitesco shares from Bank of America (80% of the subsequent consideration for the Vitesco shares had already been deposited as cash collateral as of December 31, 2023 under the concluded TRS and was credited in January 2024 in the course of the then agreed purchase from Bank of America), EUR 910.3 m was recognized as a special item for the 38.87% stake in Vitesco as of December 31, 2023.[219]

### Special items for non-consolidated investments

932. The non-consolidated investments SupplyOn AG, GKS-Gemeinschaftskraftwerk Schweinfurt GmbH, H2GS AB, Cofinity-X GmbH, up2parts GmbH, Leadrive Technology (Shanghai) Co. Ltd, Earlybird-X Seed Fund I GmbH & Co. KG, Clean H2 Infra Fund S.L.P., Baukunst Fund I LP, Hubei Cathay Smart New Energy Fund Partnership (LP) and Clean Hydrogen Equipment Fund S.L.P. as well as other shares in the total amount of EUR 119.7 million based on the fair value as of December 31, 2023.

### Special items for assets held for sale

933. The assets held for sale less the corresponding liabilities include the non-consolidated investment IAV GmbH Ingenieurgesellschaft Auto und Verkehr and real estate and were recognized as a special item in the amount of EUR 24.5 million.

## 5.6.1.4 Equity value after personal taxes

934. Using a market risk premium of 5.75%, an unlevered beta factor of 0.95, a sustainable growth rate of 0.71%, and taking into account the corresponding dividend discount value of EUR 7,402.1 m and the special items of EUR 653.5 m the equity value of Schaeffler after personal taxes as of December 31, 2023, totals EUR 8,055.7 m and as of April 24, 2024, totals EUR 8,298.5 m. With approximately 666.0 m Schaeffler shares outstanding, this corresponds to a value of EUR 12.46 per Schaeffler share.

---

218 In addition to the Vitesco shares purchased through the Tender Offer (11,957,629 shares) and from Bank of America (3,600,000 shares), Schaeffler acquired a further 2 Vitesco shares in March 2024 ahead of the planned merger.

219 The remaining 20% of the purchase price was paid in January 2024. As of December 31, 2023, Schaeffler had already deposited 80% of the future consideration for the Vitesco shares as cash collateral under the TRS, but had neither intended to acquire the 3,600,000 Vitesco shares nor had any claim to them at that time.

935. The reconciliation of the dividend discount value to the equity value after personal taxes with a market risk premium of 5.75% after personal taxes, an unlevered beta factor of 0.95 and a sustainable growth rate of 0.71% after personal taxes is shown below.

| **Market value of equity after pers. taxes**<br>in EUR m | |
|---|---|
| **Market value of equity as of December 31, 2023** | **7,402.1** |
| **Special items** | **653.5** |
| Special value of Vitesco stake | 910.3 |
| Non-consolidated investments (fair value) | 119.7 |
| Minorities | -401.0 |
| Assets held for sale (net) | 24.5 |
| **Market value of equity incl. Special items as of December 31, 2023** | **8,055.7** |
| Compound rate | 1.03 |
| **Market value of equity as of April 24, 2024** | **8,298.5** |
| Number of shares outstanding (in m) | 666.0 |
| **Value per share (in EUR)** | **12.46** |

### 5.6.2 Equity value before personal taxes according to DVFA

936. IDW S 1 and the DVFA recommendations differ in particular in the concept of the market participant as a standard for determining equity value. The market participant values the company on the basis of an assumed company policy planned for the future. In addition to planned investments in fixed and current assets, acquisitions and/or divestments, this also includes assumptions regarding the company's financing policy and capital structure. These assumptions must be consistent with regard to the market participant. In contrast, the objectified equity value in accordance with IDW S 1 is based on the capital structure planned by the company.

937. Since Schaeffler's business plan appears plausible in light of the benchmarking with the peer group companies and the planned capital structure is in line with a standard market capital structure, there are no differences from a stand-alone perspective with respect to the planning assumptions relevant to the valuation in accordance with IDW S 1 and the DVFA recommendations.[220] Accordingly, the determination of the equity value in accordance with IDW S 1 before personal taxes and the market value in accordance with the DVFA recommendations lead to the same result, apart from the different cost of capital parameters.[221]

[220] For an assessment of the synergies, see chapter 2.8 and chapter 6.

[221] In addition to the DCF valuation using the flow-to-equity method, appendix 5 also shows the DCF valuation using the WACC method, which leads to the same result.

### 5.6.2.1 DCF value

938. Schaeffler's cashflows to equity are derived below based on the business plan. Assuming a market risk premium of 7.0% before personal taxes, an unlevered beta factor of 0.95, and a sustainable growth rate of 0.82%, the following cashflows to equity are derived:

| **Derivation of cashflows to equity** | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **EBIT** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** | **1,982.7** | **1,939.3** | **1,955.2** |
| +/(-) Financial results | -346.9 | -330.1 | -336.3 | -342.4 | -361.4 | -365.5 | -368.5 | -371.6 |
| +/(-) Profit / Loss from extraordinary results | - | - | - | - | - | - | - | - |
| - taxes on income | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 | -413.3 | -401.4 | -404.7 |
| **Annual result** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** | **1,203.9** | **1,169.4** | **1,179.0** |
| + Depreciation | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 | 1,240.0 | 1,250.2 | 1,260.5 |
| - Gross investments (CAPEX) in fixed assets | -937.0 | -1,116.2 | -1,037.0 | -1,114.9 | -1,196.3 | -1,297.4 | -1,317.9 | -1,328.7 |
| -/(+) Change in Net Working Capital | -1,846.8 | 230.5 | -547.4 | -449.1 | -388.8 | -181.1 | -44.8 | -45.1 |
| +/(-) Change in Interest bearing liabilities | 1,180.5 | -867.9 | 725.0 | -344.7 | 85.6 | -965.5 | 50.9 | 51.3 |
| **Cashflows to equity (FTE)** | **-** | **15.9** | **1,088.4** | **193.2** | **860.9** | **0.0** | **1,107.8** | **1,116.9** |

939. Based on the cashflows to equity, the DCF value is determined on the basis of levered cost of equity from 10.9% to 13.9% with a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 0.95.

940. Taking into account a market risk premium of 7.0% before personal taxes and an unlevered beta factor of 0.95, the DCF value as of December 31, 2023 is EUR 6,727.5 million.

| **Derivation of DCF value before pers. taxes** | | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Cashflows to equity (FTE)** | | **-** | **15.9** | **1,088.4** | **193.2** | **860.9** | **0.0** | **1,107.8** | **1,116.9** |
| *Risk free rate* | | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* |
| *Market risk premium* | | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* |
| Levered beta factor | | 1.44 | 1.62 | 1.40 | 1.50 | 1.37 | 1.37 | 1.20 | 1.20 |
| *Levered cost of equity* | | *12.61%* | *13.87%* | *12.31%* | *13.02%* | *12.11%* | *12.06%* | *10.91%* | *10.91%* |
| *Terminal Value Growth Rate* | | - | - | - | - | - | - | - | *0.82%* |
| *Levered cost of equity after growth deduction* | | *12.61%* | *13.87%* | *12.31%* | *13.02%* | *12.11%* | *12.06%* | *10.91%* | *10.09%* |
| Discount factor | | 0.9 | 0.8 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 | 4.4 |
| **Present Value of cashflows to equity** | | **-** | **12.4** | **755.8** | **118.7** | **471.9** | **0.0** | **488.5** | **4,880.2** |
| **DCF value as of December 31, 2023** | **6,727.5** | | | | | | | | |

### 5.6.2.2 Minorities

941. As part of the analyses and discussions with those responsible for planning, non-controlling interests in attributable net income were identified that must be taken into account as minority interests in the valuation of Schaeffler. Profit attributable to non-controlling interests is not taken into account when deriving the DCF value and is instead deducted from the DCF value as a special item. Therefore, a reduction of Schaeffler's DCF value in the amount of the present value of net income attributable to minority interests of EUR 378.2 m is necessary.

### 5.6.2.3 Special items

942. During the analyses and discussions with those responsible for planning, special items were identified that are taken into account in the valuation of Schaeffler.

### Special items of the investment in Vitesco

943. In connection with the Tender Offer, Schaeffler acquired a stake of 29.88% or 11,957,629 Vitesco shares at EUR 94.00 per Vitesco share. In addition, Schaeffler purchased a further 9.00% or 3,600,000 Vitesco shares at EUR 90.77 per Vitesco share from Bank of America on January 23, 2024. Schaeffler thus holds a total of 15,557,631 Vitesco shares or a 38.87% stake in Vitesco AG as at the valuation date.[222] According to the DCF method, the value of Vitesco as of December 31, 2023, is EUR 4,943.1 m and Schaeffler's 38.87% stake is EUR 1,921.5 m. Less, on the one hand, the transaction financing of approximately EUR 1.1 bn for the Tender Offer, which was eliminated from Schaeffler's statement of financial position for purposes of calculating the special item, and, on the other hand, the outstanding 20% of the purchase price still to be paid for the acquisition of the 3.600,000 Vitesco shares from Bank of America (80% of the subsequent consideration for the Vitesco shares had already been deposited as cash collateral as of December 31, 2023 under the concluded TRS and was credited in January 2024 in the course of the then agreed purchase from Bank of America), EUR 732.2 m was recognized as a special item for the 38.87% stake in Vitesco as of December 31, 2023.[223]

### Special items for non-consolidated investments

944. In line with the dividend discount method after personal taxes, the non-consolidated investments SupplyOn AG, GKS-Gemeinschaftskraftwerk Schweinfurt GmbH, H2GS AB, Cofinity-X GmbH, up2parts GmbH, Leadrive Technology (Shanghai) Co. Ltd, Earlybird-X Seed Fund I GmbH & Co. KG, Clean H2 Infra Fund S.L.P., Baukunst Fund I LP, Hubei Cathay Smart New Energy Fund Partnership (LP) and Clean Hydrogen Equipment Fund S.L.P. as well as other shares in the total amount of EUR 119.7 million were recognized as special items based on their fair value as of December 31, 2023.

### Special items for assets held for sale

945. The assets held for sale less the corresponding liabilities include a non-consolidated investment and real estate and were recognized as a Special item in the amount of EUR 24.5 million.

### Present value of negative cash flows

946. The present value of negative cash flows in the amount of EUR -56.2 million was recognized as a further special item. As expenses are more predictable than income, expenses and negative cash flows have a different risk profile compared to income. Therefore, negative cash flows are alternatively discounted using the risk free rate. The special item is the present value effect from discounting the negative free cash flows using the risk free rate instead of the cost of equity.

---

[222] In addition to the Vitesco shares purchased through the Tender Offer (11,957,629 shares) and from Bank of America (3,600,000 shares), Schaeffler acquired a further 2 Vitesco shares in March 2024 ahead of the planned merger.

[223] The remaining 20% of the purchase price was paid in January 2024. As of December 31, 2023, Schaeffler had already deposited 80% of the future consideration for the Vitesco shares as cash collateral under the TRS, but had neither intended to acquire the 3,600,000 Vitesco shares nor had any claim to them at that time.

### 5.6.2.4 Equity value before personal taxes

947. Using a market risk premium of 7.0%, an unlevered beta factor of 0.95, a sustainable growth rate of 0.82% and taking into account the corresponding DCF value of approximately EUR 6,727.5 m as well as the special items of EUR 442.0 m the total equity value of Schaeffler before personal taxes as of December 31, 2023, is EUR 7,169.6 m and EUR 7,442.9 m as of April 24, 2024. With approximately 666.0 m Schaeffler shares outstanding, this corresponds to a value of EUR 11.18 per Schaeffler share as of April 24, 2024.

948. The reconciliation of the DCF value to the equity value before personal taxes with a market risk premium of 7.0% before personal taxes, an unlevered beta factor of 0.95 and a sustainable growth rate of 0.82% before personal taxes is shown below:

| **Derivation of DCF value before pers. taxes** | |
|---|---|
| in EUR m | |
| **DCF value as of December 31, 2023** | **6,727.5** |
| **Special items** | **442.0** |
| Special value of Vitesco stake | 732.2 |
| Non-consolidated investments (fair value) | 119.7 |
| Minorities | -378.2 |
| Assets held for sale (net) | 24.5 |
| Present value of negative cash flows | -56.2 |
| **DCF value incl. special items as of December 31, 2023** | **7,169.6** |
| Compound rate | 1.04 |
| **DCF value as of April 24, 2024** | **7,442.9** |
| Number of shares outstanding (in m) | 666.0 |
| **Value per share (in EUR)** | **11.18** |

### 5.6.2.5 Sensitivity analysis

949. In addition to the valuation using a beta factor of 0.95, a sensitivity analysis using a beta factor of 0.90 is carried out. This results in a risk premium for the operating risk of 6.30% (compared to 6.65% previously). In order to present the sensitivity in relation to the beta factor of 0.90, it is considered appropriate to reduce the growth discount to 0.50% before the rating effect or 0.27% after the rating effect in order to reflect dependencies in the form of a lower operating risk in the financial surpluses.

950. In the sensitivity analysis, the derivation of the financial surpluses according to the DVFA recommendations (before personal taxes) with a beta factor of 0.90 and a growth discount of 0.50% (before rating effect) is as follows:

| **Derivation of cashflows to equity** | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **EBIT** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** | **1,939.1** | **1,885.2** | **1,890.3** |
| +/(-) Financial results | -346.9 | -330.1 | -336.3 | -342.4 | -361.4 | -365.5 | -366.5 | -367.5 |
| +/(-) Profit / Loss from extraordinary results | - | - | - | - | - | - | - | - |
| - taxes on income | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 | -402.1 | -388.1 | -389.1 |
| **Annual result** | **593.4** | **770.1** | **947.3** | **1,091.2** | **1,328.2** | **1,171.5** | **1,130.6** | **1,133.6** |
| + Depreciation | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 | 1,275.1 | 1,278.5 | 1,282.0 |
| - Gross investments (CAPEX) in fixed assets | -937.0 | -1,116.2 | -1,037.0 | -1,114.9 | -1,196.3 | -1,294.0 | -1,300.7 | -1,304.2 |
| -/(+) Change in Net Working Capital | -1,846.8 | 230.5 | -547.4 | -449.1 | -388.8 | -165.9 | -14.7 | -14.7 |
| +/(-) Change in Interest bearing liabilities | 1,180.5 | -867.9 | 725.0 | -344.7 | 85.6 | -986.7 | 16.7 | 16.7 |
| **Cashflows to equity (FTE)** | **-** | **15.9** | **1,088.4** | **193.2** | **860.9** | **-0.0** | **1,110.4** | **1,113.4** |

951. In the sensitivity analysis, the levered cost of equity before personal taxes with a beta factor of 0.90 and a growth discount of 0.50% (before rating effect) are approximately 10.4% to 13.0% (rounded).

952. Accordingly, the sensitivity analysis results in a DCF value as of December 31, 2023 of EUR 6,985.4 million:

| **Derivation of DCF value before pers. taxes** | | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|---|
| in EUR m | | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Cashflows to equity (FTE)** | | **-** | **15.9** | **1,088.4** | **193.2** | **860.9** | **-0.0** | **1,110.4** | **1,113.4** |
| *Risk free rate* | | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* | *2.50%* |
| *Market risk premium* | | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* | *7.00%* |
| Levered beta factor | | 1.33 | 1.51 | 1.30 | 1.40 | 1.28 | 1.28 | 1.12 | 1.12 |
| *Levered cost of equity* | | *11.81%* | *13.04%* | *11.62%* | *12.30%* | *11.46%* | *11.43%* | *10.36%* | *10.36%* |
| *Terminal Value Growth Rate* | | - | - | - | - | - | - | - | *0.27%* |
| *Levered cost of equity after growth deduction* | | *11.81%* | *13.04%* | *11.62%* | *12.30%* | *11.46%* | *11.43%* | *10.36%* | *10.09%* |
| Discount factor | | 0.9 | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 4.6 |
| **Present Value of cashflows to equity** | | **-** | **12.6** | **771.5** | **121.9** | **487.6** | **-0.0** | **511.3** | **5,080.3** |
| **DCF value as of December 31, 2023** | **6,985.4** | | | | | | | | |

953. Special items are considered in the sensitivity analysis in the same way as before and are included in the valuation at EUR 398.3 million.

954. In the sensitivity analysis, the equity value before personal taxes using a beta factor of 0.90 and a growth discount of 0.50% (before rating effect) and taking into account the corresponding DCF value of EUR 6,985.4 million and the special values of EUR 398.3 million total EUR 7,383.6 million as of December 31, 2023 and EUR 7,647.9 million as of April 24, 2024. With approximately 666.0 m Schaeffler shares outstanding, this corresponds to a value of EUR 11.48 per Schaeffler share as of April 24, 2024.

955. The following shows the reconciliation of the DCF value to the equity value before personal taxes with a beta factor of 0.90 and a growth discount of 0.50% (before rating effect) in the sensitivity analysis:

**Derivation of DCF value before pers. taxes**

in EUR m

| | |
|---|---|
| **DCF value as of December 31, 2023** | **6,985.4** |
| **Special items** | **398.3** |
| Special value of Vitesco stake | 696.3 |
| Non-consolidated investments (fair value) | 119.7 |
| Minorities | -388.9 |
| Assets held for sale (net) | 24.5 |
| Present value of negative cash flows | -53.4 |
| **DCF value incl. special items as of December 31, 2023** | **7,383.6** |
| Compound rate | 1.04 |
| **DCF value as of April 24, 2024** | **7,647.9** |
| Number of shares outstanding (in m) | 666.0 |
| **Value per share (in EUR)** | **11.48** |

956. For reasons of transparency, further sensitivities with a beta factor of 0.90 or 0.95 and a growth discount of between 0.50% and 1.50% are shown in the following illustration.

Sensitivity calculation of the value per share of Schaeffler

In EUR Mio.

| | | Terminal Value Growth Rate (before rating effect) | | | | |
|---|---|---|---|---|---|---|
| | | 1.50% | 1.25% | 1.00% | 0.75% | 0.50% |
| Beta | 0.95 | 11.93 | 11.54 | 11.18 | 10.99 | 10.83 |
| | 0.90 | 12.75 | 12.32 | 11.93 | 11.69 | 11.48 |

## 5.6.3 Market oriented valuation using the multiple method

957. In addition to deriving the equity value on the basis of the dividend discount method after personal taxes in accordance with IDW S 1, which is customary in the context of stock corporation and transformation acts, and the DCF method before personal taxes in accordance with the DVFA recommendations, value ranges are determined on the basis of the multiple method for further plausibility checks. Trading multiples and transaction multiples are derived in the same way as for the comparative market oriented valuation of Vitesco.

### 5.6.3.1 Valuation based on comparable listed companies

958. The valuation of Schaeffler is initially based on the stock prices observable for comparable companies on the capital market and the multiples derived from them. In contrast to the derivation of the beta factor based on a peer group, the decisive factor in a comparative market oriented valuation based on trading multiples is not the length of the historical stock market listing, but rather the quality of the forward-looking analyst estimates of the reference figures. Therefore, all companies identified in the peer group selection can initially be included in the valuation. The following analyses are based on multiples for the future financial years 2024, 2025 and 2026.

959. In order to derive multiples for Schaeffler, the business plan of the valuation object is first compared with the analyst estimates for the peer group companies. Revenue, EBITDA, EBIT and operating free cash flow[224] ("OpFCF") were selected as suitable reference figures in order to ensure the broadest possible basis for the valuation of the multiples. However, the informative value of EBITDA multiples tends to be limited due to the relatively capital-intensive business model.

960. In order to derive appropriate revenue, EBITDA, EBIT and OpFCF multiples for the valuation object from the peer group, the growth and profitability factors that significantly influence the value are also taken into account. Irrespective of any market imperfections and price distortions, there is generally a correlation between the multiple and growth and profitability, as the expectations regarding growth and margin development are implicitly included in the multiples.[225]

961. Given the different proportion of capitalized R&D expenses at Schaeffler compared to the peer group companies, the reference figures EBITDA, EBIT, and OpFCF of the peer group companies were adjusted to Schaeffler's R&D expenses for the purpose of the multiple valuation in order to reflect a comparable level of R&D expenses recognized as expenses between Schaeffler and the peer group.

962. Generally, the range of EBITDA, EBIT, and OpFCF multiples was determined by the entire peer group on the one hand and by the companies within the peer group that are most comparable to Schaeffler (so-called "Best Comparables") on the other. Schaeffler's best comparables were identified based on quantitative and qualitative criteria using a scoring model and based on the future growth and margin profile and include the peer group companies Dana Incorporated, Dowlais Group plc, and ElringKlinger AG.

963. The capital market data on which the valuation using the multiple method is based was taken into account as at February 23, 2024.[226]

---

224 The reference figure for the OpFCF multiples is determined by subtracting capital expenditure (CAPEX) from EBITDA. The EBITDA, EBIT and OpFCF reference figures were adjusted for planned special effects in order to enable a comparison with the peer group.

225 On the relationship between multiple, profitability and growth, see Koller/Goedhart/Wessels, 2010, p. 315-317; Viebig/Poddig/Varmaz 2008, p. 363 f.

226 These are analysts' consensus estimates obtained from the data provider S&P Capital IQ. Capital market data is always retrieved on Fridays in accordance with the valuation expert's procedure. February 23, 2024 is the next practicable cut-off date prior to invitations to Annual General Meetings.

### Revenue multiples

964. In contrast to the procedure for the EBITDA, EBIT and OpFCF multiples, the revenue multiples applied were determined using regression analyses against the future EBIT margins on the one hand and against the future OpFCF margins of the peer group companies on the other, as these have a high explanatory power. The growth and margin profile of the peer group companies is shown below:

| | Revenue Growth | | | EBIT Margin | | | Revenue Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Dana Incorporated | 3.5% | 5.1% | 4.5% | 5.4% | 6.3% | 6.3% | 0.5x | 0.5x | 0.5x |
| ElringKlinger AG | -0.0% | 3.9% | 13.6% | 6.1% | 7.3% | n/a | 0.5x | 0.5x | 0.5x |
| Cummins Inc. | -3.0% | 5.4% | 4.9% | 12.9% | 13.3% | 13.2% | 1.4x | 1.3x | 1.3x |
| American Axle & Manufacturing Holdings, Inc. | 1.7% | 0.0% | 1.4% | 4.8% | 4.7% | 5.6% | 0.7x | 0.7x | 0.7x |
| Dowlais Group plc | 1.7% | 4.0% | -0.2% | 8.8% | 9.6% | 11.2% | 0.6x | 0.5x | 0.5x |
| MS Industrie AG | 1.6% | 2.2% | 5.6% | 7.1% | 8.0% | 8.2% | 0.6x | 0.6x | 0.5x |
| DENSO Corporation | 5.2% | 4.8% | 2.2% | 11.1% | 11.5% | 11.6% | 1.3x | 1.2x | 1.2x |
| JTEKT Corporation | 3.2% | 1.6% | n/a | 6.1% | 6.5% | n/a | 0.4x | 0.4x | n/a |
| Linamar Corporation | 16.3% | 5.9% | n/a | 9.3% | 9.6% | n/a | 0.5x | 0.5x | n/a |
| CIE Automotive, S.A. | 4.3% | 2.9% | 1.5% | 14.9% | 15.2% | 15.5% | 1.3x | 1.3x | 1.2x |
| Kongsberg Automotive ASA | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Schaeffler | 4.7% | 6.3% | 8.8% | 7.2% | 7.6% | 8.2% | | | |
| Min | -3.0% | 0.0% | -0.2% | 4.8% | 4.7% | 5.6% | 0.4x | 0.4x | 0.5x |
| 25% Percentile | 1.6% | 2.4% | 1.5% | 6.1% | 6.7% | 7.3% | 0.5x | 0.5x | 0.5x |
| Min Best Comps | -0.0% | 3.9% | -0.2% | 5.4% | 6.3% | 6.3% | 0.5x | 0.5x | 0.5x |
| Average | 3.4% | 3.6% | 4.2% | 8.7% | 9.2% | 10.2% | 0.8x | 0.8x | 0.8x |
| Median | 2.5% | 3.9% | 3.4% | 8.0% | 8.8% | 11.2% | 0.6x | 0.6x | 0.6x |
| Best Comps Average | 0.7% | 4.8% | 3.1% | 9.0% | 9.7% | 10.2% | 0.8x | 0.8x | 0.8x |
| Max Best Comps | 3.5% | 5.1% | 13.6% | 8.8% | 9.6% | 11.2% | 0.6x | 0.5x | 0.5x |
| 75% Percentile | 4.1% | 5.1% | 5.1% | 10.6% | 11.0% | 12.4% | 1.1x | 1.1x | 1.2x |
| Max | 16.3% | 5.9% | 13.6% | 14.9% | 15.2% | 15.5% | 1.4x | 1.3x | 1.3x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

965. The regression analysis shows that there is a positive correlation between the revenue multiple and the expected EBIT and OpFCF margins for the peer group. Based on Schaeffler's average EBIT margin in the period 2024 to 2026, the regression analyses result in a revenue multiple for 2024 of 0.7x and based on Schaeffler's average EBIT margin in the period 2025 to 2026, the revenue multiple for 2025 is 0.6x. Based on Schaeffler's average OpFCF margin for the period 2024 to 2026, the regression analyses result in a revenue multiple for 2024 of 0.7x and based on Schaeffler's average OpFCF margin for the period 2025 to 2026, the revenue multiple for 2025 is 0.7x.

## EBITDA multiples

966. EBITDA growth expectations and the EBITDA margin have a high explanatory power for the EBITDA multiples. The selection of suitable multiples was therefore based in particular on the future growth and margin profile of the peer group companies:

| | EBITDA Growth | | | EBITDA Margin | | | EBITDA Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Dana Incorporated | 17.3% | 8.5% | 7.9% | 9.1% | 9.4% | 9.7% | 5.5x | 5.0x | 4.7x |
| ElringKlinger AG | 3.4% | 11.9% | n/a | 11.8% | 12.7% | n/a | 4.6x | 4.1x | n/a |
| Cummins Inc. | 103.1% | 7.7% | 6.2% | 15.4% | 15.8% | 16.0% | 9.1x | 8.5x | 8.0x |
| American Axle & Manufacturing Holdings, Inc. | 9.0% | 0.6% | 1.4% | 12.2% | 12.3% | 12.3% | 5.5x | 5.5x | 5.4x |
| Dowlais Group plc | 7.3% | 7.4% | 19.6% | 13.3% | 13.7% | 16.4% | 4.3x | 4.0x | 3.3x |
| MS Industrie AG | 14.6% | 7.8% | 4.5% | 12.4% | 13.0% | 12.9% | 4.6x | 4.3x | 4.1x |
| DENSO Corporation | 20.4% | 6.1% | 6.9% | 15.3% | 15.5% | 16.2% | 8.3x | 7.9x | 7.4x |
| JTEKT Corporation | 5.5% | 6.2% | n/a | 8.7% | 9.1% | n/a | 4.9x | 4.6x | n/a |
| Linamar Corporation | 12.8% | 8.0% | n/a | 13.4% | 13.7% | n/a | 3.9x | 3.6x | n/a |
| CIE Automotive, S.A. | 5.6% | 4.5% | 4.2% | 18.9% | 19.2% | 19.7% | 6.9x | 6.6x | 6.4x |
| Kongsberg Automotive ASA | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Schaeffler | 7.0% | 6.1% | 9.7% | 13.1% | 13.1% | 13.2% | | | |
| Min | 3.4% | 0.6% | 1.4% | 8.7% | 9.1% | 9.7% | 3.9x | 3.6x | 3.3x |
| 25% Percentile | 6.0% | 6.2% | 4.4% | 11.9% | 12.4% | 12.6% | 4.6x | 4.2x | 4.4x |
| Min Best Comps | 3.4% | 7.4% | 7.9% | 9.1% | 9.4% | 9.7% | 4.3x | 4.0x | 3.3x |
| Average | 19.9% | 6.9% | 7.2% | 13.0% | 13.4% | 14.7% | 5.8x | 5.4x | 5.6x |
| Median | 10.9% | 7.5% | 6.2% | 12.8% | 13.3% | 16.0% | 5.2x | 4.8x | 5.4x |
| Best Comps Average | 42.5% | 7.9% | 11.2% | 12.6% | 13.0% | 14.0% | 6.3x | 5.8x | 5.3x |
| Max Best Comps | 17.3% | 11.9% | 19.6% | 13.3% | 13.7% | 16.4% | 5.5x | 5.0x | 4.7x |
| 75% Percentile | 16.6% | 7.9% | 7.4% | 14.8% | 15.0% | 16.3% | 6.6x | 6.3x | 6.9x |
| Max | 103.1% | 11.9% | 19.6% | 18.9% | 19.2% | 19.7% | 9.1x | 8.5x | 8.0x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

967. The range of EBITDA multiples was determined in the 2024 to 2026 observation period based on the best comparables and Schaeffler's entire peer group with regard to the growth and margin profile of the respective year. Compared to the best comparables, Schaeffler's expected EBITDA growth in the observation period is below the average best comparables range overall (with the exception of 2024), but is approaching it over time. Similarly, EBITDA growth in 2025 and 2026 is at a similar level to the average EBITDA growth of the entire peer group. The planned EBITDA margin, on the other hand, is close to the average best comparables and the average peer group range over the observation period. Taking into account the peer group average and the best comparables average, this results in a range of EBITDA multiples of 4.8x to 5.8x for 2024, 4.4x to 5.4x for 2025 and 4.0x to 5.6x for 2026.

### EBIT multiple

968. The EBIT growth profile and the EBIT margin are also the key drivers for EBIT multiples. Accordingly, the future growth and margin profile of the peer group companies in particular was taken into account when selecting suitable EBIT multiples:

| | EBIT Growth | | | EBIT Margin | | | EBIT Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Dana Incorporated | 16.8% | 22.7% | 4.6% | 5.4% | 6.3% | 6.3% | 9.1x | 7.4x | 7.1x |
| ElringKlinger AG | -0.5% | 23.3% | n/a | 6.1% | 7.3% | n/a | 8.9x | 7.2x | n/a |
| Cummins Inc. | 144.9% | 8.1% | 4.1% | 12.9% | 13.3% | 13.2% | 10.9x | 10.1x | 9.7x |
| American Axle & Manufacturing Holdings, Inc. | 18.4% | -1.9% | 20.7% | 4.8% | 4.7% | 5.6% | 14.0x | 14.3x | 11.8x |
| Dowlais Group plc | 11.2% | 13.3% | 16.8% | 8.8% | 9.6% | 11.2% | 6.4x | 5.7x | 4.9x |
| MS Industrie AG | 22.6% | 14.3% | 8.6% | 7.1% | 8.0% | 8.2% | 8.0x | 7.0x | 6.5x |
| DENSO Corporation | 27.3% | 8.3% | 3.4% | 11.1% | 11.5% | 11.6% | 11.5x | 10.6x | 10.3x |
| JTEKT Corporation | 8.3% | 9.1% | n/a | 6.1% | 6.5% | n/a | 7.0x | 6.4x | n/a |
| Linamar Corporation | 14.4% | 10.3% | n/a | 9.3% | 9.6% | n/a | 5.6x | 5.1x | n/a |
| CIE Automotive, S.A. | 6.0% | 4.7% | 4.0% | 14.9% | 15.2% | 15.5% | 8.8x | 8.4x | 8.0x |
| Kongsberg Automotive ASA | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Schaeffler | 12.7% | 11.9% | 16.7% | 7.2% | 7.6% | 8.2% | | | |
| Min | -0.5% | -1.9% | 3.4% | 4.8% | 4.7% | 5.6% | 5.6x | 5.1x | 4.9x |
| 25% Percentile | 9.0% | 8.2% | 4.1% | 6.1% | 6.7% | 7.3% | 7.3x | 6.6x | 6.8x |
| Min Best Comps | -0.5% | 13.3% | 4.6% | 5.4% | 6.3% | 6.3% | 6.4x | 5.7x | 4.9x |
| Average | 26.9% | 11.2% | 8.9% | 8.7% | 9.2% | 10.2% | 9.0x | 8.2x | 8.3x |
| Median | 15.6% | 9.7% | 4.6% | 8.0% | 8.8% | 11.2% | 8.8x | 7.3x | 8.0x |
| Best Comps Average | 57.6% | 14.7% | 8.5% | 9.0% | 9.7% | 10.2% | 8.8x | 7.7x | 7.2x |
| Max Best Comps | 16.8% | 23.3% | 16.8% | 8.8% | 9.6% | 11.2% | 9.1x | 7.4x | 7.1x |
| 75% Percentile | 21.5% | 14.1% | 12.7% | 10.6% | 11.0% | 12.4% | 10.4x | 9.6x | 10.0x |
| Max | 144.9% | 23.3% | 20.7% | 14.9% | 15.2% | 15.5% | 14.0x | 14.3x | 11.8x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

969. Similar to the approach used for the EBITDA multiples, the range of the EBIT multiples was determined based on the best comparables and Schaeffler's entire peer group with respect to the growth and margin profile of the respective year. Overall, the planned EBIT margin is close to the average best comparables and the average peer group range over the observation period. Based on this approach, the EBIT multiples range from 8.1x to 9.0x for the year 2024, from 6.8x to 8.2x for the year 2025 and from 6.0x to 8.3x for the year 2026, taking into account the peer group average and the best comparables average.

### OpFCF multiple

970. The OpFCF growth profile and the OpFCF margin are also the key drivers for OpFCF multiples. Accordingly, the selection of suitable OpFCF multiples was based in particular on the future growth and margin profile of the peer group companies, analogous to the procedure for EBITDA and EBIT multiples:

| | OpFCF Growth | | | OpFCF Margin | | | OpFCF Multiple | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 | FY2024 | FY2025 | FY2026 |
| Dana Incorporated | 53.6% | 6.9% | 13.5% | 4.8% | 4.9% | 5.4% | 10.2x | 9.6x | 8.4x |
| ElringKlinger AG | -3.3% | 18.9% | n/a | 5.7% | 6.6% | n/a | 9.5x | 8.0x | n/a |
| Cummins Inc. | 199.2% | 9.7% | 4.9% | 11.8% | 12.3% | 12.2% | 12.0x | 10.9x | 10.4x |
| American Axle & Manufacturing Holdings, Inc. | -1.5% | 2.8% | 0.9% | 7.9% | 8.1% | 8.1% | 8.5x | 8.3x | 8.2x |
| Dowlais Group plc | 21.3% | 15.8% | 43.9% | 7.5% | 8.3% | 12.0% | 7.6x | 6.5x | 4.5x |
| MS Industrie AG | 81.7% | 7.4% | 7.7% | 9.4% | 9.8% | 10.0% | 6.1x | 5.7x | 5.3x |
| DENSO Corporation | 32.7% | 8.7% | 10.1% | 10.2% | 10.5% | 11.4% | 12.5x | 11.5x | 10.5x |
| JTEKT Corporation | 6.2% | 10.1% | n/a | 5.1% | 5.6% | n/a | 8.3x | 7.6x | n/a |
| Linamar Corporation | 27.4% | 19.2% | n/a | 6.4% | 7.2% | n/a | 8.2x | 6.9x | n/a |
| CIE Automotive, S.A. | 6.1% | 5.6% | 4.9% | 13.7% | 14.0% | 14.5% | 9.6x | 9.0x | 8.6x |
| Kongsberg Automotive ASA | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Schaeffler | -2.4% | 9.5% | 22.9% | 7.3% | 7.5% | 8.5% | | | |
| Min | -3.3% | 2.8% | 0.9% | 4.8% | 4.9% | 5.4% | 6.1x | 5.7x | 4.5x |
| 25% Percentile | 6.1% | 7.1% | 4.9% | 5.9% | 6.7% | 9.1% | 8.2x | 7.0x | 6.7x |
| Min Best Comps | 21.3% | 6.9% | 4.9% | 4.8% | 4.9% | 5.4% | 7.6x | 6.5x | 4.5x |
| Average | 42.3% | 10.5% | 12.3% | 8.2% | 8.7% | 10.5% | 9.2x | 8.4x | 8.0x |
| Median | 24.4% | 9.2% | 7.7% | 7.7% | 8.2% | 11.4% | 9.0x | 8.1x | 8.4x |
| Best Comps Average | 91.4% | 10.8% | 20.8% | 8.0% | 8.5% | 9.9% | 9.9x | 9.0x | 7.8x |
| Max Best Comps | 199.2% | 15.8% | 43.9% | 11.8% | 12.3% | 12.2% | 12.0x | 10.9x | 10.4x |
| 75% Percentile | 48.4% | 14.4% | 11.8% | 10.0% | 10.4% | 12.1% | 10.1x | 9.4x | 9.5x |
| Max | 199.2% | 19.2% | 43.9% | 13.7% | 14.0% | 14.5% | 12.5x | 11.5x | 10.5x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

971. Similar to the procedure for the EBITDA and EBIT multiples, the range of the OpFCF multiples was determined based on the best comparables and Schaeffler's entire peer group with regard to the growth and margin profile of the respective year. The planned OpFCF margin is close to the average best comparables and the average peer group range over the observation period. Based on this approach, the OpFCF multiples range from 9.1x to 9.2x for the year 2024, from 8.0x to 8.4x for the year 2025 and from 6.5x to 8.0x for the year 2026, taking into account the peer group average and the best comparables average.

### Equity value based on trading multiples

972. The value ranges of the total enterprise value shown in the following diagram are based on the selected multiples. In a next step, the range of the total enterprise value shown is formed from the average of these multiple-specific values.[227]

| Trading multiples | Selected multiple range | | Schaeffler metric | Value range | |
|---|---|---|---|---|---|
| | Average | Best Comps | | Min | Max |
| Revenue multiple 2024 | 0.7x | 0.7x | 17,073.8 | 11,377.0 | 11,932.0 |
| Revenue multiple 2025 | 0.6x | 0.7x | 18,155.1 | 11,643.0 | 12,184.8 |
| EBITDA multiple 2024 | 5.8x | 4.8x | 2,285.2 | 10,894.9 | 13,168.5 |
| EBITDA multiple 2025 | 5.4x | 4.4x | 2,409.8 | 10,516.1 | 13,021.7 |
| EBITDA multiple 2026 | 5.6x | 4.0x | 2,690.4 | 10,722.1 | 15,053.8 |
| EBIT multiple 2024 | 9.0x | 8.1x | 1,275.1 | 10,389.5 | 11,507.5 |
| EBIT multiple 2025 | 8.2x | 6.8x | 1,410.4 | 9,555.0 | 11,591.4 |
| EBIT multiple 2026 | 8.3x | 6.0x | 1,689.9 | 10,127.5 | 14,061.5 |
| OpFCF multiple 2024 | 9.2x | 9.1x | 1,283.5 | 11,652.6 | 11,856.4 |
| OpFCF multiple 2025 | 8.4x | 8.0x | 1,389.3 | 11,132.6 | 11,652.7 |
| OpFCF multiple 2026 | 8.0x | 6.5x | 1,749.7 | 11,330.0 | 13,978.7 |

| | | |
|---|---|---|
| **Enterprise value (Ø)** | **10,849.1** | **12,728.1** |
| - Market value of debt | -6,391.7 | -6,391.7 |
| + Special value of Vitesco stake | 292.9 | 292.9 |
| + Non-consolidated investments (fair value) | 119.7 | 119.7 |
| - Minorities | -378.2 | -378.2 |
| + Assets held for sale (net) | 24.5 | 24.5 |
| - Present Value of Negative Cash Flow | -56.2 | -56.2 |
| **Equity value (Ø)** | **4,460.2** | **6,339.2** |
| + Control premium (10%) | 446.0 | 633.9 |
| **Equity value after adjustments (Ø)** | **4,906.2** | **6,973.1** |
| Shares Outstanding | 666.0 | 666.0 |
| **Value per Share** | **7.37** | **10.47** |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

973. Interest bearing liabilities in the amount of EUR 6,391.7 million and minority interests in the amount of EUR 378.2 million must be taken into account when reconciling the total enterprise value to the equity value. Special items that are not included in the business plan and therefore not in the reference figure must also be taken into account in the multiple valuation as at the valuation date. Similar to the calculation of the equity value using the dividend discount method or DCF method, special items for the Vitesco stake in the amount of EUR 292.9 million[228] , non-

227 The EBITDA, EBIT and OpFCF reference figures were adjusted for planned special effects.

228 The Special item of the Vitesco stake in the context of the trading multiples is calculated by multiplying the average equity value before control premium determined for Vitesco using the trading multiples by 38.87% (stake in Vitesco held by Schaeffler as at the valuation date) and deducting the transaction financing for the Tender Offer of approximately EUR 1.1 bn as well as the 20% of the purchase price for the acquisition of the Vitesco shares from Bank of America still outstanding as of December 31, 2023.

consolidated investments in the amount of EUR 119.7 million and assets held for sale in the amount of EUR 24.5 million and the present value of negative cash flows in the amount of EUR -56.2 million are taken into account.

974. In accordance with Vitesco's valuation based on trading multiples, a financial control premium of 10.0% is applied to the range of Schaeffler's equity value. Thus, based on trading multiples for the years 2024, 2025, and 2026, Schaeffler's equity value ranges between EUR 4,906.2 m and EUR 6,973.1 m after applying the financial control premium of 10%.

975. With an outstanding number of shares of approximately 666.0 m, the value per Schaeffler share derived from trading multiples ranges from EUR 7.37 to EUR 10.47.

#### 5.6.3.2 Valuation based on comparable transactions

976. In addition to the valuation based on trading multiples, transaction multiples are also used. The equity value of Schaeffler is determined on the basis of the same procedure and taking into account the same restrictions as for Vitesco.

977. From M&A transactions of comparable companies, those were selected for which the relevant information and key figures are publicly available.[229] The analysis period covers the years from 2018 to the valuation date. The selection of comparable companies was carried out in the same way as the peer group selection[230] and transactions from the automotive supply industry with a focus on mechanical components for the powertrain of combustion, hybrid and electric vehicles and, where possible, also with a focus on industrial applications were identified. The focus on e-mobility was explicitly not part of the selection process at Schaeffler. Only majority transactions were included. In a further step, transactions with an implied total enterprise value of more than EUR 50 m and where the target company is headquartered in a developed country with a strong automotive market (USA, Europe, South Korea and Japan) were selected. In order to properly reflect the current market environment, transactions carried out before 2018 were not included in the multiple analysis.

978. A conclusive, well-founded assessment of the respective transactions is generally not possible on the basis of publicly available information alone. As a result, the selected transactions may not be comparable or may only be comparable to a very limited extent. In particular, premiums or discounts paid may be directly related to guarantees granted or other obligations under the purchase agreement. Despite these limitations, the following 14 transactions were identified and multiples were derived from them depending on the availability of data.

---

[229] Access to information and key figures via the S&P Global Market Intelligence database. In particular, the implied total capital values and respective reference figures are obtained from this database and the corresponding multiples are then calculated on this basis. In addition, other comparable transactions are also relevant, although these were not stored in the S&P Global Market Intelligence database, but were available on the basis of analyst reports and were also included in the analysis.

[230] Cf. chapter 5.1.7.

| Transaction Details | | | | | | | | | | Transaction Multiples | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Buyer | Target | Country | Closing | Currency | Revenue | EBITDA | EBIT | Enterprise Value (EV) | Acquired share | EV / Revenue | EV / EBITDA | EV / EBIT |
| *in EUR m* | | | | | | | | | | | | |
| Regal Rexnord Corporation | Altra Industrial Motion Corp. | USA | 27.03.2023 | EUR | 1,944.5 | 372.6 | 253.7 | 4,983.0 | 100.0% | 1.9x | 10.1x | 14.9x |
| Apollo Global Management, Inc. | Tenneco Inc. | USA | 17.11.2022 | EUR | 15,942.9 | 1,165.1 | 520.7 | 5,929.7 | 100.0% | 0.3x | 4.1x | 9.3x |
| Valeo SE | Valeo Siemens eAutomotive Germany GmbH | Germany | 04.07.2022 | EUR | n/a | n/a | n/a | 554.0 | 50.0% | 0.8x | n/a | n/a |
| American Axle & Manufacturing Hol | Tekfor Holding GmbH | Germany | 01.06.2022 | EUR | 285.0 | n/a | n/a | 95.1 | 100.0% | 0.4x | n/a | n/a |
| Linamar Corporation | Gf Linamar LLC | USA | 01.04.2022 | EUR | 108.0 | n/a | n/a | 153.0 | 50.0% | 1.5x | n/a | n/a |
| Honda Motor Co., Ltd. | SHOWA Corporation | Japan | 15.10.2020 | EUR | 1,780.2 | 174.5 | 108.1 | 1,249.0 | 58.6% | 0.5x | 5.1x | 8.2x |
| Triton Fund V L.P. | RENK Aktiengesellschaft (Renk GmbH) | Germany | 06.10.2020 | EUR | 558.6 | 86.0 | 62.6 | 565.6 | 76.0% | 1.2x | 7.9x | 10.9x |
| BorgWarner Inc. | Delphi Technologies PLC | United Kingdom | 01.10.2020 | EUR | 3,846.7 | 438.1 | 203.7 | 3,089.6 | 100.0% | 0.6x | 5.0x | 10.7x |
| JTEKT Corporation | Yutaka Gears and Machinery Corp. | Japan | 05.06.2020 | EUR | 386.7 | n/a | 2.4 | 82.0 | 100.0% | 0.2x | n/a | n.m. |
| Groupe Legris Industries | Laulagun Bearings S.L. | Spain | 25.07.2019 | EUR | n/a | 10.0 | n/a | 90.0 | 100.0% | n/a | 9.5x | n/a |
| Marelli Holdings Co., Ltd. | Magneti Marelli S.p.A. (MARELLI Europe S.p.A.) | Italy | 02.05.2019 | EUR | n/a | n/a | n/a | 5,800.0 | 100.0% | 0.8x | n/a | n/a |
| Hanon System EFP Corporation | Magna Powertrain Campiglione S.r.l. | Italy | 29.03.2019 | EUR | 194.6 | n/a | n/a | 85.4 | 100.0% | 0.5x | n/a | n/a |
| JTEKT Corporation | DAIBEA Co., Ltd. | Japan | 17.12.2018 | EUR | 210.8 | 18.7 | 9.4 | 109.4 | 54.7% | 0.4x | 5.0x | 10.0x |
| Tenneco Inc. | Federal-Mogul LLC | USA | 01.10.2018 | EUR | 6,490.4 | 609.1 | 282.2 | 4,379.4 | 100.0% | 0.7x | 7.5x | 16.3x |
| Min | | | | | | | | | | 0.2x | 4.1x | 8.2x |
| Median | | | | | | | | | | 0.6x | 6.3x | 10.7x |
| Mean | | | | | | | | | | 0.8x | 6.8x | 11.5x |
| Max | | | | | | | | | | 1.9x | 10.1x | 16.3x |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

979. Based on the considerations regarding the reference value when deriving trading multiples and the limited availability of data, the reference values of revenue, EBITDA and EBIT are used for the valuation with transaction multiples, analogous to the procedure at Vitesco, in order to ensure the broadest possible database.

980. The revenue multiples observable on the market range from 0.2x to 1.9x. The median and average are 0.6x and 0.8x respectively. The EBITDA multiples observable on the market range from 4.1x to 10.1x. The median and average are 6.3x and 6.8x respectively. The EBIT multiples observable on the market range from 8.2x to 16.3x. The median and average are 10.7x and 11.5x respectively.

981. In the following, the valuation based on the revenue, EBITDA and EBIT transaction multiples is based on a corresponding range between the average and the median of all transactions.

### Equity value based on transaction multiples

982. Based on the selected revenue, EBITDA, and EBIT multiples, the following range of equity values for Schaeffler is analogous to the derivation of equity value based on trading multiples:[231]

| Transaction multiples | Selected multiple range | | Schaeffler metric | Value range | |
|---|---|---|---|---|---|
| | Median | Average | | Min | Max |
| EV / Revenue | 0.6x | 0.8x | 16,429.3 | 9,279.7 | 12,355.0 |
| EV / EBITDA | 6.3x | 6.8x | 2,175.3 | 13,763.3 | 14,767.9 |
| EV / EBIT | 10.7x | 11.5x | 1,170.0 | 12,480.5 | 13,412.9 |
| **Enterprise value (Ø)** | | | | **11,841.2** | **13,511.9** |
| - Market value of debt | | | | -6,391.7 | -6,391.7 |
| + Special value of Vitesco stake | | | | 762.9 | 762.9 |
| + Non-consolidated investments (fair value) | | | | 119.7 | 119.7 |
| - Minorities | | | | -378.2 | -378.2 |
| + Assets held for sale (net) | | | | 24.5 | 24.5 |
| - Present Value of Negative Cash Flow | | | | -56.2 | -56.2 |
| **Equity value (Ø)** | | | | **5,922.3** | **7,593.0** |
| Shares Outstanding | | | | 666.0 | 666.0 |
| **Value per Share** | | | | **8.89** | **11.40** |

*Source: ValueTrust's own analysis with data from the S&P Capital IQ database*

983. As at the valuation date, the range for the equity value of Schaeffler is between EUR 5,922.3 m and EUR 7,593.0 m based on the revenue, EBITDA and EBIT multiples derived from comparable transactions with the selected multiple range between EUR 5,922.3 m and EUR 7,593.0 m.[232] With approximately 666.0 m shares outstanding, this corresponds to a value per Schaeffler share of between EUR 8.89 and EUR 11.40.

984. At this point, reference is made to the limitations of the transaction multiples already explained. However, based on the analyses of comparable transactions, there are no indications that the multiples of comparable transactions are inappropriate.[233]

### 5.6.4 Schaeffler stock price of preference shares and three-month average price (VWAP)

985. According to IDW S 1, the stock price can be taken into account for plausibility purposes and in accordance with the DVFA recommendations as an independent valuation method. According to the most recent BGH case law in the context of structural measures under stock corporation law, the use of the stock price can also serve as a basis for estimating the equity value under certain circumstances. It must therefore be examined in each individual case whether the stock price is a suitable basis for estimating the equity value. However, it must be taken into account

[231] An estimated LTM was derived as a reference value, which is made up of the quarters Q2 to Q4 2023 and a rough estimate for Q1 of the planning year 2024.

[232] The special item of the Vitesco stake in the context of the transaction multiples results from the average equity value before control premium determined for Vitesco using the transaction multiples multiplied by 38.87% (stake in Vitesco held by Schaeffler as at the valuation date) and less the transaction financing for the Tender Offer of approximately EUR 1.1 bn as well as the 20% of the purchase price for the acquisition of the Vitesco shares from Bank of America still outstanding as of December 31, 2023.

[233] Note: The multiples of the public transactions were adjusted to reflect a control premium of only 10.0%. The multiples of the private transactions include a liquidity premium of 5%.

that a fundamental valuation is based on better and broader information, such as the approved business plan, than the information available to the capital market.

### Relevant stock price

986. Schaeffler AG's preference shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) under ISIN DE000SHA0159. In addition, the shares are traded on the XETRA trading system and are included in the SDAX.

987. In this context, it should be noted that Schaeffler's preference shares only account for approximately 25% of Schaeffler's share capital and were held to a not insignificant extent by one major shareholder. From an economic point of view, this results in restrictions on trading and possibly liquidity, so that the stock price of Schaeffler's preference shares does not fully reflect Schaeffler's equity value and could not provide a reliable indication of the fair value of the individual equity interest in Schaeffler.

988. Due to the simultaneous announcement of the Tender Offer on October 9, 2023 and the intended merger with Vitesco AG, the 3M VWAP at the time prior to the announcement of the Tender Offer must generally be used for the purposes of the merger, analogous to the assessment of the stock price of Vitesco AG, if the stock price is not unsuitable due to liquidity or other reasons. Accordingly, the relevant reference period for the calculation of the 3M VWAP of the Schaeffler preference share is the period from July 9, 2023 to October 8, 2023.

989. As the price of the Schaeffler preference shares is not relevant for the Tender Offer, BaFin does not provide any information in this regard. The 3M VWAP determined by us on the basis of the domestic stock prices on the regulated market for this reference period amounts to EUR 5.54 per Schaeffler preference share. This corresponds to a market capitalization of Schaeffler of EUR 3,689.6 m.

990. Thus, the calculated ranges of the equity value before and after personal taxes are above the calculated three-month average stock price of Schaeffler. In accordance with the latest BGH case law, the 3M VWAP of EUR 5.54 is nevertheless generally relevant for determining the exchange ratio if the relevant liquidity criteria or any stock price or market distortions in accordance with case law do not contradict this. However, the use of stock prices as a basis for the equity value cannot replace a fundamental valuation, provided that this valuation uses a better and broader information basis than the capital market as of the relevant date of the 3M VWAP, such as the approved business plan or acquisitions not yet known to the capital market. In the present case, Schaeffler holds a 38.87% stake in Vitesco as of the valuation date, which did not yet exist at the time of the announcement of the Tender Offer on October 9, 2023 and was therefore not reflected in the stock price of Schaeffler's preference shares at that time. Consequently, the 3M VWAP of Schaeffler, if generally appropriate, must be adjusted (see para. 1009 et seq.).

991. According to the case law of the BGH, the stock price must be extrapolated to the valuation date if there is a "longer period" between the date of the announcement of the structural

measure and the date of the Annual General Meeting and a "general or industry-typical" stock market development makes an adjustment appear necessary.[234] A period of up to six months between the announcement of the structural measure and the date of the Annual General Meeting is considered "normal" or "usual".[235] There is currently no uniform case law regarding the definition of a "longer period" and the method of extrapolation. In the literature, a period of approximately seven and a half months is discussed as a "longer period", whereby the shortest period deemed to be a "longer period" was seven months and eight days.[236] Overall, the period from which an extrapolation is to be considered is handled generously and tends to be longer in the case of a merger where the equity values of two companies are to be determined for the assessment of the exchange ratio.[237]

992. There is a period of only slightly more than six months between the effective date of the 3M VWAP on October 8, 2023 and the Annual General Meeting of Vitesco AG on April 24, 2024. Therefore, in view of the only slightly longer period, the determination of the equity values of Schaeffler and Vitesco necessary for the planned merger and against the background of the assessment of this in the literature, no extrapolation of the stock price to the valuation date was made. There are also no indications in the present case that there were delays in the preparation of the planned merger and the Annual General Meeting adopting the resolution that would make an extrapolation appear necessary.

---

[234] See BGH decision of 19.07.2010, II ZB 18/09.

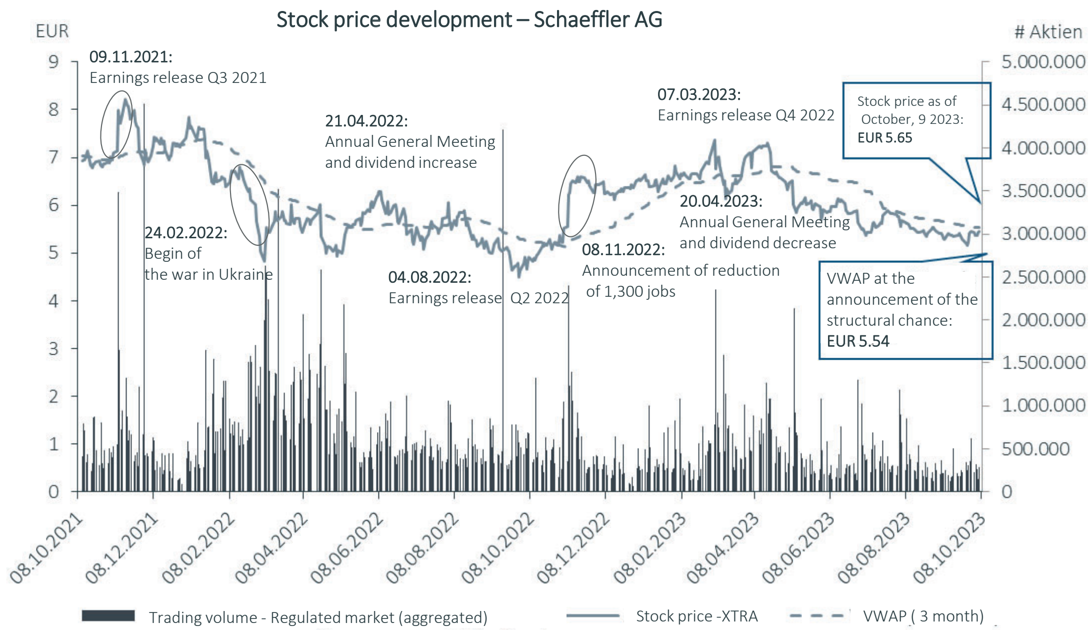
[235] OLG Stuttgart, decision of 24.07.2013, ref. 20 W 2/12.

[236] Bungert/Becker, Der Betrieb 2021, p. 940 et seq.

[237] Decher, The determination of the stock price for the purpose of cash compensation in a squeeze-out.

### Analysis of the Schaeffler preference share

993. As part of the analysis of the Schaeffler preference share, the stock price and the three-month average price from October 2021 to October 2023 are first examined in order to identify possible anomalies in the stock price performance such as price jumps, trading gaps or other distortions.




994. After the stock price slumped to less than EUR 5.00 per share in February and March 2022 in connection with the market-wide fall in the stock price due to the start of the war in Ukraine, the stock price partially recovered with a jump in November 2022. This was partly due to the announcement of the reduction of 1,300 jobs by 2026.

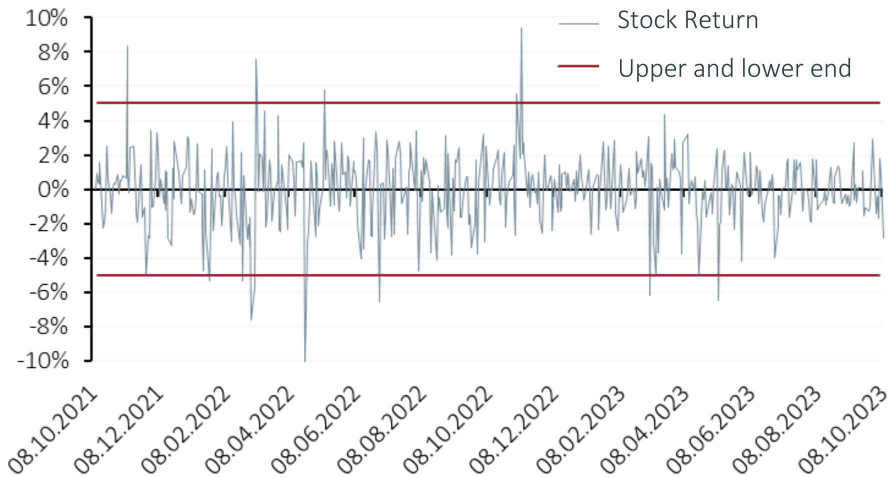
### Liquidity analysis of the Schaeffler preference share

995. Similar to the analysis of the Vitesco share, there are also several criteria for examining the liquidity of a share in the case of the Schaeffler preference share. According to Section 5 (4) WpÜG-AngebV, the three-month average price of BaFin is not relevant for determining the lower limit of the consideration in takeover and mandatory offers if

- in the three months prior to the publication of the offer, stock prices were determined on less than one third of the trading days and
- several consecutively determined stock prices deviate from each other by more than 5%.

996. In the reference period from July 9, 2023 to October 8, 2023, Schaeffler preference shares were traded on the Frankfurt Stock Exchange on all possible trading days. Furthermore, in the reference period from July 9, 2023 to October 8, 2023, several consecutively determined stock prices did not deviate from each other by more than five percent. During the entire observation period from October 9, 2021 to October 8, 2023, there was only one case in which the stock price of Schaeffler's preference shares differed by more than five percent on consecutive trading days. This occurred over a period of four consecutive days from March 4, 2022 and was due to the general market development in response to the war in Ukraine.

Daily Stock Return - Schaeffler




997. According to the two criteria pursuant to Sec. 5 (4) WpÜG-AngebV, there are thus no indications of a lack of liquidity of the Schaeffler preference share during the Reference Period. The share was traded with sufficient volume on a sufficient number of trading days during the reference period, i.e. stock prices could be determined, and the stock prices did not show any significant price jumps on consecutive trading days, so that on this basis no market tightness or price manipulation can be assumed.[238]

998. Similar to the analysis of the Vitesco share, the other liquidity criteria from the relevant case law[239] were also reviewed with regard to the Schaeffler preference share. If these liquidity criteria were met, the stock price was not rejected and the share was deemed to be sufficiently liquid. The criteria were as follows:

- the free float is greater than 5.0%,[240]

---

238 Cf. section 5 (4) WpÜG-AngebV.

239 Cf. inter alia: BGH decision of March 12, 2001, file no. II ZB 15/00; OLG Munich, decision of July 11, 2006, file no. 31 Wx 041/05 and 06/05; OLG Frankfurt a.M., decision of November 2, 2006, file no. 20 W 233/93; LG Frankfurt a.M., decision of January 17, 2006, file no. 3.5 O 75/03.

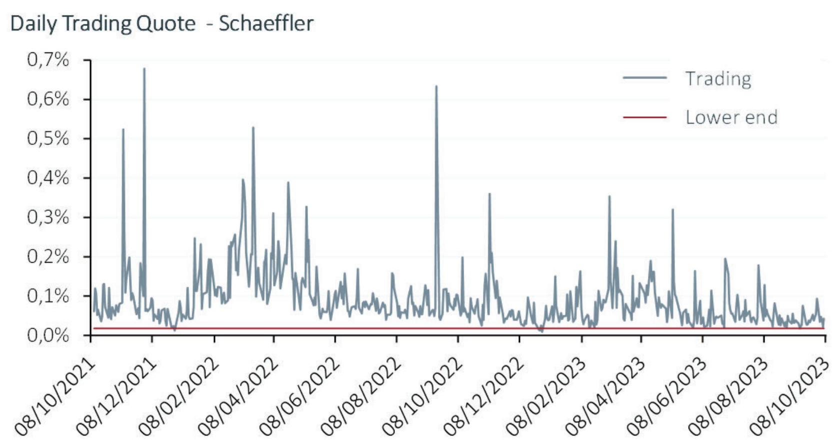
240 In case law, there are also rulings that this criterion is not fully applicable, particularly in the case of squeeze-outs. See LG Stuttgart, decision of April 3, 2018 - 31 O 138/15, OLG Stuttgart, decision of May 4, 2011 - 20 W 11/08, para. 94; OLG Stuttgart, decision of March 17, 2010 - 20 W 9/08, para. 235; OLG Karlsruhe, decision of September 12, 2017 - 12 W 1/17, para. 38.

- there is active trading on more than one third of the trading days and/or
- more than 0.018% of the total number of shares (outstanding shares) are traded per day.[241]

999. If the free float and trading volume are low and the stock price is influenced by other non-value-related events, the stock price cannot be used to infer the fair value of the share due to limited "marketability".[242]

1000. During the reference period, the free float of Schaeffler shares was approximately 18.7% and thus significantly above 5.0%, meaning that sufficient liquidity can be assumed based on the free float criterion.

1001. The analysis of the relative trading volume and the trading ratio shows that Schaeffler's preference shares have been liquid in the regulated market of the Frankfurt Stock Exchange in the past. On average, approximately 332.6 thousand shares were traded on the individual trading days and approximately 21.6 million shares were traded cumulatively over the reference period. This corresponds to 3.2% of the outstanding Schaeffler shares. The average relative trading volume in the reference period was 0.050% of the total number of shares. Based on this criterion, it can therefore also be concluded that the preference shares are sufficiently liquid.




1002. In line with the liquidity analysis of the Vitesco share, the liquidity criteria of the OLG Frankfurt decision were also used for further liquidity analyses of the Schaeffler preference share.

1003. The OLG Frankfurt decision derives these criteria from the definition of "liquid shares" in Art. 22 (1) of Regulation (EC) No. 1287/2006. According to this regulation, a share is to be considered liquid if

- the share is traded daily,

[241] OLG Stuttgart, decision of October 17, 2011, 20 W 7/11, para. 395.

[242] Cf. decision of the BVerfG of April 27, 1999 (DAT/ALTANA).

- the market capitalization of the free float is not less than EUR 500 million and
- one of the following provisions is fulfilled:
    - the average daily number of trades is not less than 500; or
    - the daily turnover of the share is not less than EUR 2 million

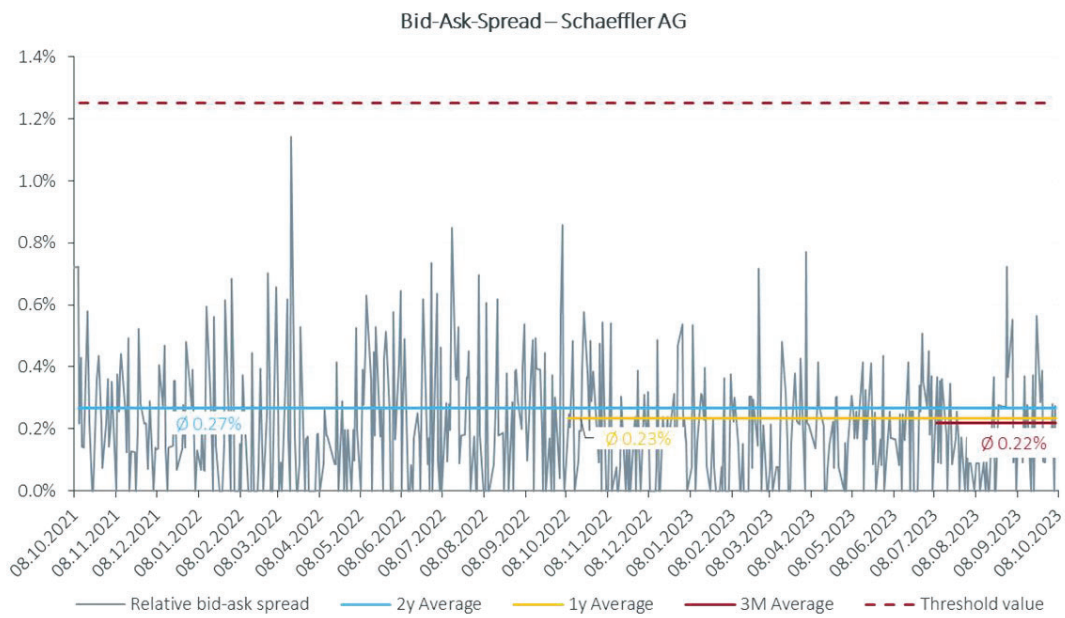
1004. During the reference period from July 9, 2023 to October 8, 2023, Schaeffler's preference shares were traded daily on the Frankfurt Stock Exchange and the market capitalization of the free float was sufficiently high as at October 8, 2023. The average daily trading volume of around EUR 1.8 m in the reference period is just below the threshold of EUR 2 m.[243] Nevertheless, the shares of Schaeffler AG as a whole do not qualify as illiquid in accordance with the aforementioned OLG Frankfurt decision, as can be seen from the following.

1005. In addition to the legal criteria, the liquidity of Schaeffler's preference shares was also analysed from an economic perspective. Compared to analyses from a legal perspective, the requirements for the liquidity criteria of a share from an economic perspective are stricter. As part of the economic liquidity analysis, the development of the daily trading volume (absolute and in relation to the total share portfolio) and the transaction costs (in the form of the so-called bid-ask spread) are examined in order to be able to assess the liquidity of the share over time.

1006. In the reference period from July 9, 2023 to October 8, 2023, the average transaction costs (in the form of the bid-ask spread) for Schaeffler's preference shares in the XETRA trading system were low at 0.22%, which is below the reference values for the SDAX (approx. 0.29%) in the same period.[244] The fluctuations in the bid-ask spread were in the range of 0.00% and 0.77%, which also indicates a relatively high liquidity of the share.

[243] Cf. offer document on the voluntary takeover and delisting offer, p. 59-60.

[244] See Munich Regional Court, decision of December 2, 2016, Ref. 5HK 5781/15; Higher Regional Court Frankfurt a. M., decision of November 20, 2019, Ref. 21 W 77/14 -, limit value for bid-ask spreads is 1%, or 1.25%;




1007. In summary, based on the analyses carried out on the liquidity of Schaeffler's preference shares on the Frankfurt Stock Exchange, the following observations can be made from a legal and economic perspective:

- ✓ The stock price performance of Schaeffler's preference shares does not show an accumulation of consecutive stock prices that deviate from each other by more than 5% during the reference period.
- ✓ During the reference period, the Schaeffler preference share was actively traded on 65 out of 65 possible days, i.e. on more than one third of the trading days.
- ✓ During the reference period, the free float of Schaeffler shares amounted to approximately 18.7%, well above 5.0%. In addition, the market capitalization of the free float was no less than EUR 500 m.
- ✓ In the reference period, an average of 332.6 thousand shares were traded per day, which corresponds to 0.050% of the total share portfolio and is therefore more than double the 0.018%.
- ✓ In the reference period, the average transaction costs for Schaeffler preference shares in the XETRA trading system were low in the form of the bid-ask spread of 0.22%, which is below the reference values for the SDAX (approx. 0.29%) in the same period.

1008. According to the interpretation of the previously cited case law, there are no indications of a lack of liquidity of the share in the reference period in the sense of "legal liquidity criteria", as the share was traded on a sufficient number of trading days, i.e. the stock price could be determined, and the stock prices did not show any significant price jumps on consecutive trading days.[245] In addition, the free float was greater than 5.0% in the reference period and had sufficient market capitalization. As part of the economic liquidity analysis, the development of the daily trading volume (absolute and in relation to the total number of shares) and the transaction costs (in the form of the bid-ask spread) were examined in comparison to the SDAX. As these liquidity analyses also indicate relatively high liquidity in the reference period from July 9, 2023 to October 8, 2023, the liquidity of Schaeffler preference shares in the reference period is not limited from a purely economic perspective.

1009. However, Schaeffler's 3M VWAP is not fully suitable for measuring Schaeffler's fair value. Firstly, the suitability of the own beta factor as a measure of risk was rejected due to the economic analysis, which goes beyond statistical criteria (see para. 902 et seq.). Secondly, for the purposes of the merger and the determination of the exchange ratio, the circumstances as of the valuation date are relevant. At this date, Schaeffler holds a 38.87% stake in Vitesco. In addition, as of the valuation date, an extraordinary Annual General Meeting of Schaeffler and a special meeting of the preference shareholders of Schaeffler had already resolved with the required majorities to convert the preference shares into common shares, and the Vitesco shareholders will be granted common shares and not preference shares in Schaeffler AG in the course of the merger (see para. 68 et seq. on the question of whether recourse to the stock price of the Schaeffler preference share is ruled out from the outset for this reason). In the relevant reference period of three months prior to the announcement of the overall transaction and the merger on October 9, 2023, these circumstances did not yet exist; nor were they known to the capital market. Accordingly, they could not have been reflected in the stock price of Schaeffler's preference shares during this period. Thirdly and finally, although the minimum liquidity requirements for Schaeffler's preference shares are met in order for the stock price of Schaeffler's preference shares to be taken into account at all, the liquidity of the preference shares has not been sufficient in some cases in the past for large institutional investors to invest in these shares. For this reason, among others, as well as due to a certain conglomerate discount, there is a discrepancy between the stock price of Schaeffler's preference shares and the calculated dividend discount value of Schaeffler. If the stock price of the Schaeffler preference shares is considered to be decisive, a comparison of the stock prices of the legal entities involved in the merger can only be one of the possible factors for determining the exchange ratio in addition to methods based on the dividend discount value.

1010. As such a possible factor, the stock price of the Schaeffler preference shares requires an adjustment. In order to adequately reflect the changes in circumstances as of the valuation date, the unaffected 3M VWAP of the Schaeffler preference shares can only be used as a base value and must be adjusted for the value contribution of the 38.87% stake in Vitesco.

1011. The stock price of Vitesco shares is not suitable for measuring the value added by the investment in Vitesco. The value contribution for Schaeffler is measured based on the earnings contributions that the investment in Vitesco is expected to generate for Schaeffler in the future. This suggests that the pro rata IDW S 1 dividend discount value should be used to measure the value contribution. The stock price after October 9, 2023 cannot do this. It was influenced by

[245] Cf. section 5 (4) WpÜGAngebV.

the announcement of the overall transaction and the merger and ultimately also the consideration of the Tender Offer. It was therefore not in a position to reflect the true equity value without being influenced. Therefore, only the pro rata IDW S 1 dividend discount value for Vitesco can be used for an adjustment.

| in EUR | Acquisition of Vitesco shares via Tender Offer | Acquisition of Vitesco shares from Bank of America | Total |
|---|---|---|---|
| Acquired shares (#) | 11,957,629 | 3,600,000 | 15,557,629 |
| Price per share | 94.00 | 90.77 | 93.25 |
| Total purchase price of shares acquired | 1,124,017,126 | 326,757,600 | 1,450,774,726 |
| | | | |
| Acquired shares (#) | 11,957,629 | 3,600,000 | 15,557,629 |
| Value per share according to IDW S1 | 138.67 | 138.67 | 138.67 |
| Total purchase price of shares acquired | 1,658,164,413 | 499,212,000 | 2,157,376,413 |
| | | | |
| Δ Value vs. total purchase price | 534,147,287 | 172,454,400 | 706,601,687 |
| Number of Schaeffler shares (#) | 666,000,000 | 666,000,000 | 666,000,000 |
| **Value per Schaeffler share** | **0.80** | **0.26** | **1.06** |

1012. The adjustment of the 3M VWAP of the Schaeffler preference share is based on the holding value of the Vitesco shares, expressed as the dividend discount value in accordance with IDW S 1 reduced by the purchase price of the 38.87% stake in Vitesco. The purchase price comprises the Tender Offer of EUR 94.00 for 11,957,629 Vitesco shares on the one hand and the 3,600,000 Vitesco shares acquired from Bank of America for EUR 90.77 per share on the other. This results in an adjustment of the 3M VWAP of the Schaeffler preference share of EUR 5.54 by EUR 1.06 and an adjusted 3M VWAP of the Schaeffler preference share in the amount of EUR 6.60.[246]

### 5.6.5 Liquidation value

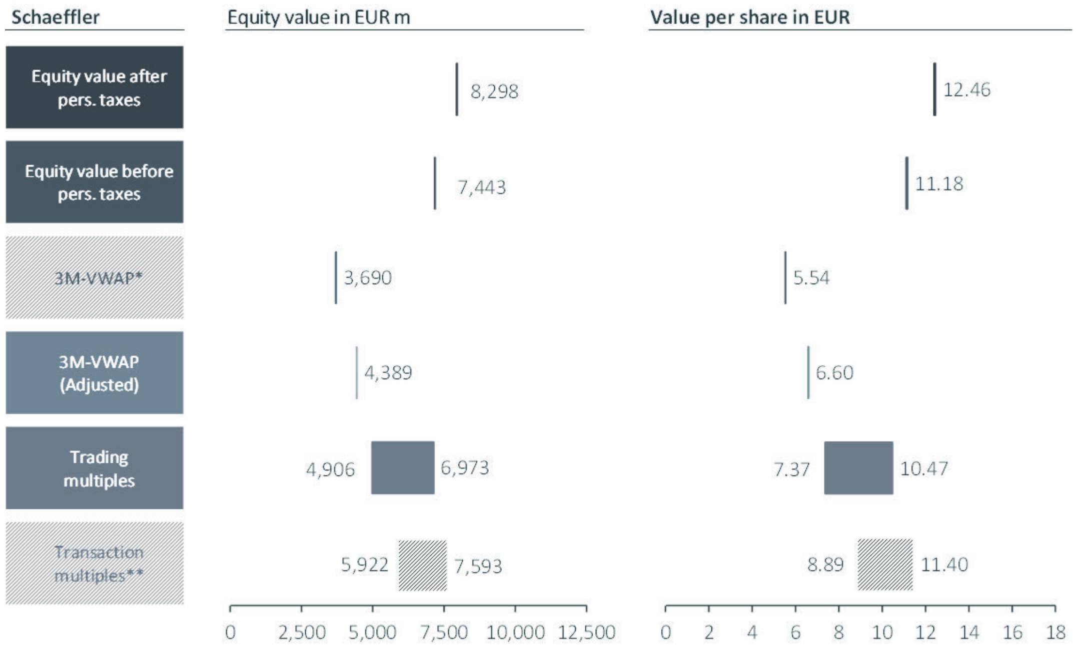
1013. Since Schaeffler will continue as a going concern in the present case and the equity value is higher than the corresponding liquidation value (assuming liquidation) due to the costs incurred in the event of liquidation (e.g. social plans, compensation, etc.), no liquidation value is calculated for Schaeffler.

1014. A consideration of the liquidation value of Schaeffler is already ruled out because Schaeffler's business plan assumes significant growth in revenue based on a high order backlog as of the valuation date with a margin level at peer group level and the planned return on invested capital is expected to be very close to or above the cost of capital. Thus, the going concern is advantageous for the shareholders or partners, so that the equity value is represented by the going concern value on the valuation date and the liquidation value is not relevant.

[246] In addition to the Vitesco shares purchased through the Tender Offer (11,957,629 shares) and from Bank of America (3,600,000 shares), Schaeffler acquired a further 2 Vitesco shares in March 2024 in advance of the planned merger. These are not shown in the table for reasons of materiality. Even taking into account the additional 2 Vitesco shares acquired in March 2024, the adjusted 3M VWAP of the Schaeffler preference share amounts to EUR 6.60.

### 5.6.6 Conclusion on the equity value stand-alone

1015. The equity values of Schaeffler calculated using the various valuation methods and parameters are as follows as of April 24, 2024:




*Note: *The 3M VWAP is presented for information purposes only. The 3M VWAP for Schaeffler is only meaningful after adjustment for the 38.87% stake in Vitesco existing as of the valuation date, as this stake did not exist at the time prior to the announcement of the Tender Offer on October 9, 2023 and was therefore not reflected in the stock price of the Schaeffler preference share at that time. **The transaction multiples are to be regarded as subordinated due to the aforementioned restrictions.*

1016. The equity values of Schaeffler presented above reflect the 38.87% stake in Vitesco already existing as of the valuation date, which Schaeffler acquired in the run-up to the planned merger in connection with the Tender Offer (approx. 29.88%) and additionally from Bank of America (approx. 9.00%). Based on the respective valuation method, the pro rata equity value of Vitesco for 38.87% was calculated and, on the one hand, the transaction financing in the amount of approx. for the Tender Offer and the outstanding 20% of the purchase price still to be paid for the acquisition of the Vitesco shares from Bank of America (80% of the subsequent consideration of the Vitesco shares had already been deposited as cash collateral under the concluded TRS as of December 31, 2023 and was deducted in January 2024 in the course of the then agreed purchase from Bank of America).[247]

1017. The equity value after personal taxes (objectified equity value in accordance with IDW S 1) is used in practice for structural measures under stock corporation and transformation acts.

[247] The remaining 20% of the purchase price was paid in January 2024. As of December 31, 2023, Schaeffler had already deposited 80% of the future consideration for the Vitesco shares as cash collateral under the TRS, but had neither intended to acquire the 3,600,000 Vitesco shares nor had any claim to them at that time.

Using a market risk premium after personal taxes of 5.75% and a beta factor of 0.95, this calculated equity value amounts to EUR 8,298 m or EUR 12.46 per Schaeffler share as of April 24, 2024.

1018. The equity value before personal taxes calculated using the DCF method in accordance with DVFA recommendations, applying a market risk premium of 7.0% and a beta factor of 0.95, amounts to EUR 7,443 m or EUR 11.18 per Schaeffler share as of April 24, 2024.

1019. The 3M VWAP of Schaeffler at the time prior to the announcement of the Tender Offer and the planned merger is EUR 3,690 m or EUR 5.54 per Schaeffler preference share. Ultimately, however, the circumstances as of the Valuation Date are decisive for the purposes of the planned merger and the determination of the exchange ratio. As of this date, Schaeffler holds a 38.87% stake in Vitesco, which did not yet exist at the time of the announcement of the Tender Offer on October 9, 2023 and, accordingly, was not reflected in the stock price of the Schaeffler preference share at that time. Therefore, the 3M VWAP was adjusted for the value contribution of the 38.87% stake in Vitesco. This results in an adjusted 3M VWAP of EUR 6.60 per Schaeffler preference share.

1020. The equity values of Schaeffler were also determined using trading and transaction multiples. The range of Schaeffler's equity value determined using trading multiples is EUR 4,906 m to EUR 6,973 m or EUR 7.37 to EUR 10.47 per Schaeffler share. In addition, the range of the equity value based on transaction multiples is EUR 5,922 m to EUR 7,593 m or EUR 8.89 to EUR 11.40 per Schaeffler share.

1021. Overall, Schaeffler's dividend discount values after personal taxes and the equity values before personal taxes determined using the DCF method are above or at the upper end of the value ranges determined using trading and transaction multiples. Using a market risk premium after personal taxes of 5.75% and a beta factor of 0.95, the dividend discount value of Schaeffler after personal taxes in the amount of EUR 8,298 m or EUR 12.46 per Schaeffler share is above the value ranges of trading and transaction multiples. In addition, the calculated dividend discount value after personal taxes stand-alone is already above the adjusted 3M VWAP of Schaeffler prior to the announcement of the Tender Offer and the planned merger in the amount of EUR 6.60 per Schaeffler preference share.

## 6. Assessment of synergies according to IDW S 1 and DVFA

1022. Following the full integration of Vitesco into Schaeffler in the course of the planned merger, Schaeffler expects long-term synergies with a projected EBIT effect of EUR 600 m per year, to be fully realized starting in 2029. The synergies are to be attributable to revenue synergies on the one hand and savings in operating expenses and administrative expenses on the other. This is to be offset by one-off expected integration costs of around EUR 650 million to realize the synergies.[248]

1023. The synergy estimate was publicly communicated by Schaeffler in connection with the announcement of the Tender Offer and the subsequent planned merger. In an internal synergy workstream between Schaeffler and Vitesco following completion of the Tender Offer, the nature of the synergies and the magnitude of the synergy potential were provisionally confirmed.

1024. In accordance with the principles of the objectified equity value pursuant to IDW S 1, synergies must be taken into account when determining the exchange ratio if the realization of the synergies is already possible without the implementation of the measure underlying the reason for the valuation, i.e. the planned merger between Schaeffler and Vitesco (so-called pseudo synergies). In contrast, those synergies that can only be realized upon implementation of the measure are not eligible for consideration (so-called real synergies).[249] In addition, IDW S 1 requires that pseudo synergies have been sufficiently substantiated or initiated and taken into account in the business plan.

1025. The treatment of synergies described above applies to the current version of IDW S 1 from 2008. At the time of preparing this Expert Opinion, IDW S 1 in the version dated April 2, 2008 is being revised by the Institute of Public Auditors in Germany. Accordingly, a new version of IDW S 1 may be published in the near future, although this is not yet known. The treatment of synergies will most likely also be discussed in this context. It is not foreseeable what changes the revised version of IDW S 1 will bring and whether and how it would affect the business valuations of Schaeffler and Vitesco and the treatment of synergies.

1026. It was already stated in the offer document for the Tender Offer that the realization of the synergies depends on the implementation of the planned merger.[250] According to the companies' projections, the synergies can only be realized upon completion of the merger. In this respect, all synergy potentials mentioned are to be classified as real synergies and are not to be taken into account in the valuation and the determination of the exchange ratio.

1027. According to the DVFA recommendations, synergies of a market participant are to be taken into account in the determination of the equity value, while purely buyer-specific synergies are not to be recognized. As already explained, the synergies provisionally estimated by Schaeffler

---

[248] Cf. offer document for the voluntary public takeover offer, p. 36.

[249] See IDW S 1 as amended in 2008, para. 33 et seq.

[250] Cf. offer document for the voluntary public takeover offer, p. 35 f.

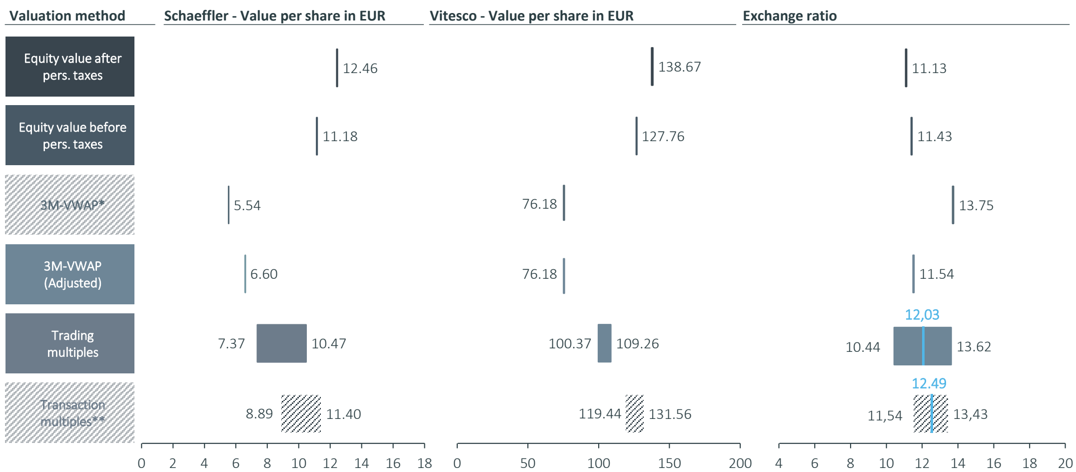
and Vitesco assume the implementation of the planned merger in terms of both revenue and costs and are therefore to be classified as buyer-specific synergies.

1028. In addition, if the synergy potential were to be taken into account when determining the exchange ratio, the synergies would have to be allocated between Schaeffler and Vitesco. Initial analyses of an internal synergy workstream between Schaeffler and Vitesco have come to the conclusion that an allocation of the synergies expected to be realized after the implementation of the planned merger in a ratio of approximately 55% to 60% to Schaeffler and approximately 40% to 45% to Vitesco appears appropriate. As a result, an allocation of the synergies in a ratio of approx. 55% to 60% to Schaeffler and approx. 40% to 45% to Vitesco would only insignificantly affect the exchange ratio.

## 7. Assessment of the exchange ratio

1029. The appropriate exchange ratio between the shares of Schaeffler AG and Vitesco AG is determined on the basis of the various valuation methods and parameters.[251]

1030. The various valuation methods and parameters result in the following equity values for Schaeffler and Vitesco as of April 24, 2024: [252]




*Note: *The 3M VWAP is presented for information purposes only. The 3M VWAP for Schaeffler is only meaningful after adjustment for the 38.87% stake in Vitesco existing as of the valuation date, as this stake did not yet exist at the time prior to the announcement of the Tender Offer on October 9, 2023 and was therefore not reflected in the stock price of the Schaeffler preference share at that time. **The transaction multiples are to be regarded as subordinated due to the aforementioned restrictions.*

1031. As part of the stipulations in the merger agreement, Schaeffler AG and Vitesco AG have jointly determined the exchange ratio. As part of the planned merger, Schaeffler AG undertakes to grant the outside shareholders of Vitesco AG 11.40 newly issued Schaeffler common shares for each issued and outstanding Vitesco share (with the exception of Vitesco shares held by Schaeffler AG). The exchange ratio thus corresponds to 11.40 Schaeffler common shares for 1 Vitesco share (see section 2.1 of the merger agreement and section 2.a. of the merger report).

1032. According to recent BGH case law in the context of structural measures under stock corporation law, the stock price can be used as a basis for estimating the equity value under certain circumstances. The 3M VWAP of the Vitesco share amounts to EUR 76.18 on the day before

[251] With respect to the overall transaction, an extraordinary Annual General Meeting of Schaeffler AG held on February 2, 2024, resolved to convert the non-voting preference shares of Schaeffler AG into voting common shares of Schaeffler AG at a ratio of 1:1. The non-voting preference shareholders approved the change in share class at a separate meeting of preference shareholders on February 2, 2024. In the resolution, the executive board of Schaeffler AG was instructed not to file the change of share class for entry in the commercial register until a separate Annual General Meeting of Schaeffler AG has approved a merger agreement between the company and Vitesco AG as the transferring entity. In connection with the planned merger, the shareholders of Vitesco AG will only receive new Schaeffler common shares.

[252] The equity values of Schaeffler AG presented above already include the 38.87% stake in Vitesco AG as at the valuation date.

the announcement of the Tender Offer and the subsequent planned merger on October 9, 2023 and thus tends to be at the lower end or below the ranges of equity values determined on the basis of the dividend discount method, the DCF method and the multiple method. The 3M VWAP of the Schaeffler preference shares amounts to EUR 5.54 as of the day before the announcement of the Tender Offer and the subsequent planned merger on October 9, 2023. The 3M VWAP of the Schaeffler preference shares adjusted for the value contribution of the 38.87% stake in Vitesco amounts to EUR 6.60. The 3M VWAP and the adjusted 3M VWAP of the Schaeffler preference share thus tend to be at the lower end or below the ranges of the equity values determined on the basis of the dividend discount method, the DCF method and the multiple method. Accordingly, the exchange ratio based on the 3M VWAP would be 13.75 Schaeffler common shares per Vitesco share. However, based on the circumstances prevailing on the valuation date, the 3M VWAP must be adjusted for Schaeffler's 38.87% stake in Vitesco. Taking into account this participation of Schaeffler in Vitesco after completion of the Tender Offer in the adjusted 3M VWAP of the Schaeffler preference share, this results in a relevant exchange ratio of 11.54 Schaeffler common shares per Vitesco share.

1033. The valuation using the dividend discount method in accordance with IDW S 1 results in an equity value of Vitesco after personal taxes of EUR 5,549.7 m as of April 24, 2024, based on a beta factor of 1.00 and a sustainable growth rate of 1.52%, which corresponds to a value of EUR 138.67 per Vitesco share based on 40.0 m shares. Based on a beta factor of 0.95 and a sustainable growth rate of 0.71%, the equity value of Schaeffler after personal taxes is EUR 8,298.5 m, which corresponds to a value of EUR 12.46 per Schaeffler share based on 666.0 m shares. This corresponds to an exchange ratio of 11.13 Schaeffler common shares per Vitesco share.

1034. The trading and transaction multiples are only used to check the plausibility of the dividend discount value in accordance with IDW S 1. The ranges of the exchange ratios derived on the basis of trading and transaction multiples as of April 24, 2024 show no indications that the exchange ratio of 11.40 Schaeffler common shares per Vitesco share set by the executive board is not appropriate.

1035. In addition, the equity values of Schaeffler and Vitesco were determined using the DCF method before personal taxes in accordance with DVFA recommendations. As of April 24, 2024, based on a beta factor of 1.00 and a sustainable growth rate of 1.75%, this results in an equity value of Vitesco before personal taxes of EUR 5,113.3 m or EUR 127.76 per Vitesco share. Based on a beta factor of 0.95 and a sustainable growth rate of 0.82%, the value of Schaeffler's equity value before personal taxes amounts to EUR 7,442.9 m or EUR 11.18 per Schaeffler share. This corresponds to an exchange ratio of 11.43 Schaeffler common shares per Vitesco share.

1036. In addition, the equity values of Schaeffler and Vitesco were determined using trading and transaction multiples. Based on trading multiples, the equity value of Vitesco ranges from EUR 4,016.9 m to EUR 4,372.6 m or from EUR 100.37 to EUR 109.26 per Vitesco share. For Schaeffler, the equity value ranges from EUR 4,906.2 m to EUR 6,973.1 m or from EUR 7.37 to EUR 10.47 per Schaeffler share. This corresponds to an exchange ratio of 10.44 to 13.62 Schaeffler common shares per Vitesco share based on trading multiples. Based on transaction multiples, the equity value of Vitesco ranges from EUR 4,780.0 m to EUR 5,265.2 m or from EUR 119.44 to EUR 131.56 per Vitesco share. For Schaeffler, the equity value ranges from EUR 5,922.3 m to EUR 7,593.0 m or from EUR 8.89 to EUR 11.40 per Schaeffler share. This corresponds to an exchange ratio of 11.54 to 13.43 Schaeffler common shares per Vitesco share based on transaction multiples. Reference is again made here to the limitations of the transaction multiples already explained, so that these are to be regarded as subordinate (see section 4.6.2.3 and section 5.6.2.3).

1037. In line with the plurality of methods in accordance with the DVFA recommendations, the valuation using the DCF method is generally to be applied with the same priority as the valuation using the multiple method. Overall, the exchange ratio of 11.40 Schaeffler common shares per Vitesco share determined by the executive board is within the range of the exchange ratio determined using the DCF method and the multiple method and is also appropriate in accordance with the DVFA recommendations.

1038. Against the background of the current case law in the context of structural measures under stock corporation and transformation acts, any exchange ratio between the exchange ratio of 11.13 Schaeffler common shares per Vitesco share determined by the dividend discount method pursuant to IDW S 1 and the exchange ratio of 11.54 Schaeffler common shares per Vitesco share determined by the adjusted 3M VWAP can be considered appropriate in the present case. Accordingly, the exchange ratio of 11.40 Schaeffler common shares per Vitesco share determined by the executive board of Schaeffler AG and Vitesco AG is appropriate.

1039. In the sensitivity analysis before personal taxes in accordance with the DVFA recommendations, the equity value of Vitesco is between EUR 119.22 and EUR 134.93 per Vitesco share if the beta factor and/or the sustainable growth rate are varied.

**Sensitivity calculation of the value per share of Vitesco**

in EUR

| | | Terminal Value Growth Rate | | |
|---|---|---|---|---|
| | | 1.75% | 2.00% | 2.25% |
| Beta | 1.00 | 127.76 | 131.23 | 134.93 |
| | 1.05 | 119.22 | 122.29 | 125.56 |

1040. The equity value of Schaeffler in the sensitivity analysis before personal taxes in accordance with DVFA recommendations is between EUR 10.83 and EUR 12.75 per Schaeffler share if the beta factor and/or the sustainable growth rate are varied.

**Sensitivity calculation of the value per share of Schaeffler**

In EUR Mio.

| | | Terminal Value Growth Rate (before rating effect) | | | | |
|---|---|---|---|---|---|---|
| | | 1.50% | 1.25% | 1.00% | 0.75% | 0.50% |
| Beta | 0.95 | 11.93 | 11.54 | 11.18 | 10.99 | 10.83 |
| | 0.90 | 12.75 | 12.32 | 11.93 | 11.69 | 11.48 |

1041. Comparable value proportions and thus meaningful exchange ratios only arise in the following two cases:

- If there is no variation in the beta factor (Schaeffler's beta factor remains at 0.95 and Vitesco's beta factor remains at 1.00), a change in the sustainable growth rate for Schaeffler and Vitesco can only take place in the same direction for comparability reasons. An increase in the sustainable growth rate by 0.25% and 0.50% corresponds to an exchange ratio of 11.37 and 11.31, respectively.

- If the beta factor is varied, Schaeffler's beta factor can only be reduced in the direction of its own beta factor. In order to reflect this lower operating risk in the financial surpluses, the sustainable growth rate is reduced at the same time. Vitesco's beta factor can only be increased in the direction of the peer group beta factor. In order to reflect this higher operating risk in the financial surpluses, the sustainable growth rate is increased at the same time. A reduction of Schaeffler's beta factor to 0.90 and a 0.25% or 0.50% lower sustainable growth rate (before rating effect) as well as an increase of Vitesco's beta factor to 1.05 and a 0.25% or 0.50% higher sustainable growth rate corresponds to an exchange ratio of 10.46 and 10.93, respectively.

Sensitivity calculation of the exchange ratio

| | | | Terminal Value Growth Rate (before rating effect) | | | | |
|---|---|---|---|---|---|---|---|
| | | Schaeffler | 1.50% | 1.25% | 1.00% | 0.75% | 0.50% |
| | Schaeffler | Vitesco | 2.25% | 2.00% | 1.75% | 2.00% | 2.25% |
| Beta | 0.95 | 1.00 | 11.31x | 11.37x | 11.43x | | |
| | 0.90 | 1.05 | | | | 10.46x | 10.93x |

## 8. Assessment of the valuation results

1042. On October 9, 2023, in connection with the announcement of the voluntary public Tender Offer, the executive board of Schaeffler AG also announced the planned merger of Vitesco AG into Schaeffler AG following the successful completion of the Tender Offer. The Annual General Meeting resolving on the planned merger is scheduled for April 24, 2024 for Vitesco AG and for April 25, 2024 for Schaeffler AG.

1043. As a result of the planned merger, Schaeffler AG will undertake to issue new Schaeffler common shares at an appropriate exchange ratio in exchange for the outstanding shares of Vitesco AG (with the exception of Vitesco shares held by Schaeffler AG). The executive board of Schaeffler AG and Vitesco AG have jointly determined the exchange ratio to be 11.40 Schaeffler common shares per Vitesco share, such that the shareholders of Vitesco AG will receive 11.40 new Schaeffler common shares for one Vitesco share.

1044. In order to assess the appropriateness of the exchange ratio determined by the executive boards of Schaeffler AG and Vitesco AG, we determined ranges of the equity values of Schaeffler and Vitesco on the basis of the valuation methods recognized in business valuation practice and case law. Accordingly, we derived the objectified equity values of Schaeffler and Vitesco in accordance with IDW Standard 1 "Principles for the Performance of Business Valuations" (IDW S 1, in the version dated April 2, 2008) in the function of a neutral expert. Furthermore, we have taken into account the "Best Practice Recommendations Corporate Valuation" of the Deutsche Vereinigung für Finanzanalyse und Asset Management e.V. (DVFA Recommendations) (as of December 2012). In accordance with the DVFA recommendations, we have issued the Expert Opinion in the capacity of an independent expert. In addition, we have sensitized the determined equity values of Schaeffler and Vitesco with plausible valuation assumptions to derive valuation ranges. In accordance with the relevant case law in the context of structural measures under stock corporation law and the valuation standards applied, we have performed a plausibility check of the business plans of Schaeffler and Vitesco.

1045. On this basis, in order to assess the appropriateness of the exchange ratio determined by the executive boards, we determined the equity values after personal taxes usually used in valuation practice for structural measures under stock corporation and transformation acts on the basis of the dividend discount method in accordance with IDW S 1 and, in addition, the equity values before personal taxes in accordance with the DVFA recommendations. In addition, the stock prices of the Schaeffler preference shares and the Vitesco shares were taken into account in accordance with recent BGH rulings. In addition, comparative valuation methods such as trading and transaction multiples were applied.

1046. According to the IDW S 1 dividend discount method after personal taxes, Vitesco's equity value as of April 24, 2024, is EUR 138.67 per Vitesco share using a beta factor of 1.00 and a sustainable growth rate of 1.52% and Schaeffler's equity value is EUR 12.46 per Schaeffler share using a beta factor of 0.95 and a sustainable growth rate of 0.71%. This corresponds to an exchange ratio of 11.13 Schaeffler common shares per Vitesco share.

1047. Based on the DCF method before personal taxes in accordance with the DVFA recommendations, Vitesco's equity value as of April 24, 2024 is EUR 127.76 per Vitesco share using a beta factor of 1.00 and a sustainable growth rate of 1.75% and Schaeffler's equity value as of April 24, 2024 is EUR 11.18 per Schaeffler share using a beta factor of 0.95 and a sustainable growth rate of 0.82%. This corresponds to an exchange ratio of 11.43 Schaeffler common shares per Vitesco share.

1048. Using the stock prices in the form of the 3M VWAP of the Vitesco share and the 3M VWAP of the Schaeffler preference share prior to the announcement of the Tender Offer and the planned merger and the 3M VWAP of Schaeffler adjusted for Schaeffler's 38.87% stake in Vitesco results in an exchange ratio of 11.54 Schaeffler common shares per Vitesco share.

1049. The exchange ratio of 11.40 Schaeffler common shares per Vitesco share determined by the executive boards of Schaeffler AG and Vitesco AG is within the range of exchange ratios of 11.13 to 11.54 determined by the IDW S 1 dividend discount method and the stock prices and is appropriate.

1050. The exchange ratio of 11.40 Schaeffler common shares per Vitesco share determined by the executive board is also within the exchange ratios derived on the basis of trading and transaction multiples.

1051. When varying the beta factors and the sustainable growth rates of Schaeffler and Vitesco in a sensitivity analysis, there are also no indications that the exchange ratio of 11.40 Schaeffler common shares per Vitesco share set by the executive boards is not appropriate.

1052. Should there be any material changes in the period between the completion of our work on March 11, 2024 and the date of the Annual General Meeting of Vitesco AG on April 24, 2024, that resolves on the planned merger, which affect the ranges for the appropriate exchange ratio, these would have to be taken into account retrospectively.

We issue this Expert Opinion to the best of our knowledge and belief on the basis of our careful analyses and with reference to the documents and information provided to us.

Munich, March 11, 2024

**Prof. Christian Aders, CEFA, CVA**
Senior Managing Director
ValueTrust Financial Advisors
Deutschland GmbH

**Mehmet Özbay, CVA**
Managing Director
ValueTrust Financial Advisors
Deutschland GmbH

# Attachments

1. List of essential documents and information used
2. Contact persons
3. Peer group selection
4. Cash Flow Statement incl. valuation adjustments
5. DCF valuation using the WACC method
6. Definition of key figures

1. List of essential documents and information used

Schaeffler provided us with the following key documents, among others, for the preparation of this Expert Opinion:

- Budget planning for 2024 based on actual figures with breakdowns of individual items
- Business plan for the years 2025 to 2028, which was adopted by the executive board on December 4, 2023 and approved by the Supervisory Board on December 15, 2023
- Detailed information on the budget and planning process flow
- Supporting material for the historical and planned financial figures
- Internal reporting on plan/actual variances in the period from 2021 to 2023
- Internal presentations on corporate strategy
- Current organizational chart as at November 15, 2023
- Current list of fully consolidated companies
- Agendas and documents of the Management Board and Supervisory Board meetings held in 2023 and 2022

Vitesco provided us with the following key documents, among others, for the preparation of this Expert Opinion:

- Budget planning for 2024 based on actual figures with breakdowns of individual items
- Business plan for the years 2025 to 2028, which was adopted by the Management Board in December 2023 and approved by the Supervisory Board
- Detailed information on the planning process flow
- Supporting material for the historical and planned financial figures
- Internal reporting on plan/actual variances in the period from 2021 to 2023
- Internal presentations on corporate strategy
- Current organizational chart as of October 26, 2023
- Current list of fully consolidated companies as at November 29, 2023
- Minutes and documents of the Management Board and Supervisory Board meetings held in 2023 and 2022

## 2. Contact persons

In the course of our work, the following persons were essentially available to us as contact persons on the part of Schaeffler:

- German Weinberger, Head of Corporate Accounting
- Kornelius Pfaff, M&A and Strategic Projects
- Dr. Martin Jochen, Head of Corporate Controlling

In the course of our work, the following persons were essentially available to us as contact persons on the part of Vitesco:

- Stephan Bördlein, Head of Group Accounting
- Dr. Matthias Goss, Head of Central Controlling

## 3. Peer group selection

As part of the peer group selection, an initial screening resulted in a population of 95 companies, which we narrowed down to a peer group of 11 for Schaeffler and a peer group of 8 for Vitesco after a detailed analysis of the companies and taking into account the selection criteria:

| No. | Company | Peer Group Vitesco | Peer Goup Schaeffler |
|---|---|---|---|
| 1 | Dana Incorporated (NYSE:DAN) | yes | yes |
| 2 | Denso | yes | yes |
| 3 | Dowlais Group plc (LSE:DWL) | yes | yes |
| 4 | Aisin CORP | yes | no |
| 5 | BorgWarner Inc. (NYSE:BWA) | yes | no |
| 6 | Garrett Motion Inc. (NasdaqGS:GTX) | yes | no |
| 7 | Magna International Inc. (TSX:MG) | yes | no |
| 8 | Valeo SE (ENXTPA:FR) | yes | no |
| 9 | American Axle & Manufacturing Holdings, Inc. (NYSE:AXL) | no | yes |
| 10 | CIE Automotive, S.A. (BME:CIE) | no | yes |
| 11 | Cummins Inc. (NYSE:CMI) | no | yes |
| 12 | ElringKlinger AG (XTRA:ZIL2) | no | yes |
| 13 | JTEKT Corporation (TSE:6473) | no | yes |
| 14 | Kongsberg Automotive ASA (OB:KOA) | no | yes |
| 15 | Linamar Corporation (TSX:LNR) | no | yes |
| 16 | MS Industrie AG (XTRA:MSAG) | no | yes |
| 17 | AB Dynamics plc (AIM:ABDP) | no | no |
| 18 | ACTIA Group S.A. (ENXTPA:ALATI) | no | no |
| 19 | AD Plastik d.d. (ZGSE:ADPL) | no | no |
| 20 | Adient plc (NYSE:ADNT) | no | no |
| 21 | Akwel SA (ENXTPA:AKW) | no | no |
| 22 | Allison Transmission Holdings, Inc. (NYSE:ALSN) | no | no |
| 23 | Aptiv PLC (NYSE:APTV) | no | no |
| 24 | Atmus Filtration Technologies Inc. (NYSE:ATMU) | no | no |
| 25 | Autoliv, Inc. (NYSE:ALV) | no | no |
| 26 | Autoneum Holding AG (SWX:AUTN) | no | no |
| 27 | Brembo S.p.A. (BIT:BRE) | no | no |
| 28 | Bulten AB (publ) (OM:BULTEN) | no | no |
| 29 | Cerence Inc | no | no |
| 30 | Commercial Vehicle Group, Inc. (NasdaqGS:CVGI) | no | no |
| 31 | Compagnie Plastic Omnium SE (ENXTPA:POM) | no | no |
| 32 | Continental Aktiengesellschaft (XTRA:CON) | no | no |
| 33 | Cooper-Standard Holdings Inc. (NYSE:CPS) | no | no |
| 34 | CT Automotive Group plc (AIM:CTA) | no | no |
| 35 | Deutz AG | no | no |
| 36 | Dorman Products, Inc. (NasdaqGS:DORM) | no | no |
| 37 | Dürr AG | no | no |
| 38 | Equipmake Holdings PLC (OFEX:EQIP) | no | no |
| 39 | Faurecia | no | no |
| 40 | Fisker Inc | no | no |
| 41 | Forvia SE (ENXTPA:FRVIA) | no | no |
| 42 | Gesco SE (XTRA:GSC1) | no | no |
| 43 | Gestamp automocion SA | no | no |
| 44 | Grammer AG (XTRA:GMM) | no | no |
| 45 | Hanon Systems (KOSE:A018880) | no | no |
| 46 | HELLA GmbH & Co. KGaA (XTRA:HLE) | no | no |
| 47 | Hexagon Purus ASA (OB:HPUR) | no | no |
| 48 | HL Mando Corporation (KOSE:A204320) | no | no |
| 49 | Holley Inc. (NYSE:HLLY) | no | no |
| 50 | JOST Werke SE (XTRA:JST) | no | no |

| | | | |
|---|---|---|---|
| 51 | Journeo plc (AIM:JNEO) | no | no |
| 52 | Jungheinrich Aktiengesellschaft (XTRA:JUN3) | no | no |
| 53 | Knorr-Bremse AG (XTRA:KBX) | no | no |
| 54 | Koito Manufacturing CO LTD | no | no |
| 55 | Landi Renzo S.p.A. (BIT:LNDR) | no | no |
| 56 | LCI Industries (NYSE:LCII) | no | no |
| 57 | Lear Corporation (NYSE:LEA) | no | no |
| 58 | Leoni AG | no | no |
| 59 | LG Innotek Co., Ltd. (KOSE:A011070) | no | no |
| 60 | Lucid Group | no | no |
| 61 | Luminar Technologies, Inc. (NasdaqGS:LAZR) | no | no |
| 62 | Mitsubishi Motors Corporation (TSE:7211) | no | no |
| 63 | Modine Manufacturing Company (NYSE:MOD) | no | no |
| 64 | Motorcar Parts of America, Inc. (NasdaqGS:MPAA) | no | no |
| 65 | Nexteer Automotive Group Limited (SEHK:1316) | no | no |
| 66 | Nifco Inc. (TSE:7988) | no | no |
| 67 | Nikola Corporation | no | no |
| 68 | Norma Group SE | no | no |
| 69 | Novem Group S.A. (XTRA:NVM) | no | no |
| 70 | Polytec Holding AG (WBAG:PYT) | no | no |
| 71 | PWO AG (XTRA:PWO) | no | no |
| 72 | QuantumScape Corporation (NYSE:QS) | no | no |
| 73 | RBCBearings | no | no |
| 74 | SAF-Holland SE (XTRA:SFQ) | no | no |
| 75 | Samvardhana Motherson International Limited (BSE:517334) | no | no |
| 76 | Schaeffler AG | no | no |
| 77 | Sensata Technologies Holding plc (NYSE:ST) | no | no |
| 78 | Siemens | no | no |
| 79 | Sogefi S.p.A. (BIT:SGF) | no | no |
| 80 | Stabilus AG | no | no |
| 81 | Standard Motor Products, Inc. (NYSE:SMP) | no | no |
| 82 | Stanley Electric Co., Ltd. (TSE:6923) | no | no |
| 83 | Stoneridge, Inc. (NYSE:SRI) | no | no |
| 84 | Sumitomo Electric Industries | no | no |
| 85 | Superior Industries International, Inc. (NYSE:SUP) | no | no |
| 86 | Surface Transforms Plc (AIM:SCE) | no | no |
| 87 | The Timken Company | no | no |
| 88 | TI Fluid Systems plc (LSE:TIFS) | no | no |
| 89 | Titan International, Inc. (NYSE:TWI) | no | no |
| 90 | Toyoda Gosei Co., Ltd. (TSE:7282) | no | no |
| 91 | Toyota Boshoku Corporation (TSE:3116) | no | no |
| 92 | Visteon Corporation (NasdaqGS:VC) | no | no |
| 93 | Vitesco Technologies Group Aktiengesellschaft (XTRA:VTSC) | no | no |
| 94 | Vontier Corporation (NYSE:VNT) | no | no |
| 95 | XPEL, Inc. (NasdaqCM:XPEL) | no | no |

## 4. Cash Flow Statement incl. valuation adjustments

### Schaeffler

| Cash Flow Statement | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Results from Ordinary Activities** | **888.2** | **1,052.3** | **1,276.9** | **1,474.7** | **1,784.1** | **1,617.2** | **1,570.8** | **1,583.7** |
| - Taxes on Income | -294.8 | -282.2 | -329.6 | -383.6 | -455.9 | -413.3 | -401.4 | -404.7 |
| + Depreciation | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 | 1,240.0 | 1,250.2 | 1,260.5 |
| -/(+) Change in Inventories | -16.0 | -183.5 | -263.2 | -184.5 | -179.4 | -121.5 | -31.4 | -31.6 |
| -/(+) Change in Receivables and Other Assets | -235.6 | -180.8 | -313.9 | -360.5 | -228.2 | -127.7 | -33.0 | -33.2 |
| -/(+) Change in Other Current Assets | 4.0 | -61.9 | -36.7 | -24.0 | -101.4 | -22.7 | -6.7 | -6.8 |
| +/(-) Change in Provisions | 2.4 | 12.5 | 12.5 | 25.0 | - | 5.4 | 3.4 | 3.4 |
| +/(-) Change in Non-Interest Bearing Liabilities | -141.0 | 230.4 | 214.3 | 265.5 | 242.7 | 159.8 | 42.1 | 42.5 |
| **Cash Flow from Operating Activities** | **1,217.0** | **1,586.3** | **1,560.8** | **1,823.3** | **2,094.1** | **2,337.3** | **2,394.1** | **2,413.7** |
| (+)/- (Investments) / Desinvestment in Fixed Assets | -1,119.4 | -1,139.7 | -1,055.8 | -1,135.1 | -1,191.9 | -1,297.4 | -1,308.1 | -1,318.8 |
| (+)/- (Investments) / Desinvestment in Financial Assets | 182.4 | 23.5 | 18.8 | 20.2 | -4.5 | - | -9.9 | -9.9 |
| **Cash Flow from Investing Activities** | **-937.0** | **-1,116.2** | **-1,037.0** | **-1,114.9** | **-1,196.3** | **-1,297.4** | **-1,317.9** | **-1,328.7** |
| +/(-) Increase / (Decrease) in Interest bearing liabilities | 1,180.5 | -867.9 | 725.0 | -344.7 | 85.6 | -965.5 | 50.9 | 51.3 |
| - Distribution of Dividends | - | -15.9 | -1,088.4 | -193.2 | -860.9 | - | -1,107.8 | -1,116.9 |
| **Cash Flow from Financing Activities** | **1,180.5** | **-883.8** | **-363.4** | **-537.8** | **-775.3** | **-965.5** | **-1,056.9** | **-1,065.6** |
| Change in Cash and Equivalents | 1,460.4 | -413.8 | 160.4 | 170.6 | 122.5 | 74.4 | 19.2 | 19.4 |

Vitesco

| Cash Flow Statement | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **Results from Ordinary Activities** | **368.9** | **524.5** | **830.4** | **932.0** | **1,006.8** | **1,019.1** | **1,026.4** | **1,044.4** |
| - Taxes on Income | -140.9 | -182.7 | -239.8 | -258.0 | -260.0 | -270.1 | -272.0 | -276.8 |
| + Depreciation | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 | 775.6 | 789.2 | 803.0 |
| -/(+) Change in Inventories | 135.8 | -16.9 | -55.1 | -27.7 | -22.8 | -28.8 | -14.8 | -15.0 |
| -/(+) Change in Receivables and Other Assets | 50.7 | -127.7 | -234.1 | -171.2 | -110.5 | -75.6 | -38.8 | -39.4 |
| -/(+) Change in Other Current Assets | 108.5 | 60.7 | 61.2 | 1.3 | -0.1 | -5.2 | -2.7 | -2.7 |
| +/(-) Change in Provisions | -141.4 | -66.4 | -38.0 | -18.6 | -13.1 | 5.2 | 2.9 | 3.0 |
| +/(-) Change in Non-Interest Bearing Liabilities | -450.5 | 166.2 | 250.8 | 188.7 | 102.9 | 99.9 | 53.1 | 54.1 |
| **Cash Flow from Operating Activities** | **439.1** | **944.3** | **1,209.4** | **1,341.7** | **1,428.9** | **1,520.2** | **1,543.5** | **1,570.5** |
| (+)/- (Investments) / Desinvestment in Fixed Assets | -901.9 | -834.3 | -782.4 | -780.0 | -823.1 | -852.2 | -867.1 | -882.3 |
| (+)/- (Investments) / Desinvestment in Financial Assets | 19.2 | -32.1 | -31.3 | 6.8 | 8.1 | - | -7.6 | -7.7 |
| **Cash Flow from Investing Activities** | **-882.7** | **-866.4** | **-813.7** | **-773.2** | **-815.0** | **-852.2** | **-874.7** | **-890.0** |
| +/(-) Increase / (Decrease) in Interest bearing liabilities | 49.6 | 97.4 | -103.6 | 24.0 | 80.2 | 41.9 | 29.4 | 29.9 |
| - Distribution of Dividends | - | - | -64.3 | -423.9 | -585.6 | -709.9 | -674.6 | -686.4 |
| **Cash Flow from Financing Activities** | **49.6** | **97.4** | **-167.9** | **-399.9** | **-505.4** | **-668.0** | **-645.2** | **-656.5** |
| Change in Cash and Equivalents | -394.0 | 175.3 | 227.8 | 168.7 | 108.6 | - | 23.6 | 24.0 |

## 5. DCF valuation using the WACC method

### Schaeffler

| **Derivation of DCF-Value (WACC-Approach)** | Projection | | | | | Convergence | | TV |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **EBIT** | **1,235.1** | **1,382.4** | **1,613.3** | **1,817.2** | **2,145.5** | **1,982.7** | **1,939.3** | **1,955.2** |
| - Taxes on Income | -411.7 | -372.2 | -417.8 | -474.0 | -549.7 | -508.1 | -497.1 | -501.1 |
| **NOPLAT** | **828.7** | **1,015.6** | **1,200.8** | **1,348.5** | **1,601.3** | **1,480.3** | **1,448.0** | **1,459.9** |
| + Depreciation | 1,009.9 | 999.4 | 1,000.5 | 1,010.7 | 1,032.2 | 1,240.0 | 1,250.2 | 1,260.5 |
| - Gross Investments (CAPEX) in Fixed Assets | -937.0 | -1,116.2 | -1,037.0 | -1,114.9 | -1,196.3 | -1,297.4 | -1,317.9 | -1,328.7 |
| -/(+) Change in Working Capital | -1,846.8 | 230.5 | -547.4 | -449.1 | -388.8 | -181.1 | -44.8 | -45.1 |
| -/(+) Change in Invested Capital | -1,773.8 | 113.7 | -583.9 | -553.3 | -552.9 | -238.4 | -112.5 | -113.4 |
| **Free Cash Flow (FCF)** | **-945.1** | **1,129.3** | **616.9** | **795.2** | **1,048.4** | **1,241.9** | **1,335.6** | **1,346.5** |
| *Weighted Average Cost of Captial (WACC)* | *8.26%* | *8.56%* | *8.57%* | *8.58%* | *8.58%* | *8.59%* | *8.59%* | *8.59%* |
| *Terminal Value Growth Rate* | - | - | - | - | - | - | - | *0.82%* |
| *Capitalization Rate* | *8.26%* | *8.56%* | *8.57%* | *8.58%* | *8.58%* | *8.59%* | *8.59%* | *7.77%* |
| Discount Factor | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 | 0.6 | 0.6 | 7.3 |
| **Present Value of Free Cash Flow (FCF)** | **-873.0** | **961.0** | **483.5** | **573.9** | **696.8** | **760.2** | **752.8** | **9,764.0** |

| | |
|---|---|
| **Enterprise Value as of December 31, 2023** | **13,119.2** |
| - Interest bearing liabilities | -6,391.7 |
| **Market Value of Equity as of December 31, 2023** | **6,727.5** |
| **Special items** | **442.0** |
| Special value of Vitesco stake | 732.2 |
| Non-consolidated investments (fair value) | 119.7 |
| Minorities | -378.2 |
| Assets held for sale (net) | 24.5 |
| Present Value of Negative Cash Flow | -56.2 |
| **Market Value of Equity incl. special items as of December 31, 2023** | **7,169.6** |
| Compound rate | 1.04 |
| **Market Value of Equity as of April 24, 2024** | **7,442.9** |
| Number of shares outstanding (in m) | 666.0 |
| **Value per share (in EUR)** | **11.18** |

## Vitesco

| **Derivation of DCF-Value (WACC-Approach)** | **Projection** | | | | | **Convergence** | | **TV** |
|---|---|---|---|---|---|---|---|---|
| in EUR m | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | |
| **EBIT** | **399.7** | **565.2** | **871.5** | **964.5** | **1,035.7** | **1,037.7** | **1,045.4** | **1,063.7** |
| - Taxes on Income | -160.4 | -201.0 | -255.8 | -271.1 | -271.3 | -282.2 | -284.3 | -289.3 |
| **NOPLAT** | **259.6** | **376.2** | **629.7** | **708.4** | **779.4** | **782.6** | **788.5** | **802.3** |
| + Depreciation | 508.0 | 586.5 | 634.0 | 695.2 | 725.7 | 775.6 | 789.2 | 803.0 |
| - Gross Investments (CAPEX) in Fixed Assets | -882.7 | -866.4 | -813.7 | -773.2 | -815.0 | -852.2 | -874.7 | -890.0 |
| -/(+) Change in Net Working Capital | 97.1 | -159.4 | -243.0 | -196.2 | -152.2 | -4.5 | -23.8 | -24.2 |
| -/(+) Change in Invested Capital | -277.6 | -439.3 | -422.7 | -274.1 | -241.4 | -81.0 | -109.2 | -111.1 |
| **Free Cash Flow (FCF)** | **-18.0** | **-63.1** | **207.1** | **434.2** | **537.9** | **701.5** | **679.3** | **691.2** |
| *Weighted Average Cost of Captial (WACC)* | *9.19%* | *9.24%* | *9.29%* | *9.34%* | *9.37%* | *9.36%* | *9.36%* | *9.36%* |
| *Terminal Value Growth Rate* | - | - | - | - | - | - | - | *1.75%* |
| *Capitalization Rate* | *9.19%* | *9.24%* | *9.29%* | *9.34%* | *9.37%* | *9.36%* | *9.36%* | *7.61%* |
| Discount Factor | 0.9 | 0.8 | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 | 7.0 |
| **Present Value of Free Cash Flow (FCF)** | **-16.5** | **-52.9** | **158.8** | **304.6** | **345.1** | **411.5** | **364.3** | **4,870.2** |

| | |
|---|---|
| **Enterprise Value as of December 31, 2023** | **6,385.2** |
| - Interest bearing liabilities | -1,488.6 |
| **Market Value of Equity as of December 31, 2023** | **4,896.6** |
| **Special items** | **46.5** |
| Non-consolidated investments (book value) | 23.1 |
| Tax savings from tax loss carryforwards | 31.9 |
| Present Value of Negative Cash Flow | -8.6 |
| **Market Value of Equity incl. special items as of December 31, 2023** | **4,943.1** |
| Compound rate | 1.03 |
| **Market Value of Equity as of April 24, 2024** | **5,113.3** |
| Number of shares outstanding (in m) | 40.0 |
| **Value per share (in EUR)** | **127.76** |

## 6. Definition of key figures

$$\text{Investment turnover}_t = \frac{\text{Revenue}_t}{\text{Average fixed assets}_{t\,/\,t-1}}$$

$$\text{CAPEX ratio}_t = \frac{\text{CAPEX}_t}{\text{Revenue}_t}$$

$$\text{Days sales outstanding (DSO)}_t = \frac{\text{Trade receivables}_t \cdot \text{x } 365}{\text{Revenues}_t}$$

$$\text{Equity ratio (at book value)}_t = \frac{\text{Equity (book value)}_t}{\text{Balance sheet total}_t}$$

$$\text{Return on equity}_t = \frac{\text{Annual result}_t}{\text{Equity (book value)}_{t-1}}$$

$$\text{FC ratio (at market value)}_t = \frac{\text{Interest bearing liabilities}_t}{\text{Total enterprise value}_t}$$

$$\text{Return on assets}_t = \frac{\text{NOPLAT}_t}{\text{Carrying amount of total capital}_{t-1}}$$

$$\text{Days payables outstanding (DPO)}_t = \frac{\text{Trade payables}_t \cdot \text{x } 365}{\text{Unadjusted cost of materials}_{t-1}}$$

$$\text{Return on Invested Capital (ROIC)}_t \quad \frac{\text{NOPLAT}_t}{\text{Invested capital (IC)}_{t-1}}$$

$$\text{Return on capital employed capital (ROCE)}_t \quad \frac{\text{EBIT}_t}{\text{Average invested capital (IC)}_{t\,/\,t-1}}$$

$$\text{Debt-equity ratio (Bv.)}_t = \frac{\text{Interest bearing liabilities}_t}{\text{Equity (book value)}_t}$$

$$\text{Debt-equity ratio (Mv.)}_t = \frac{\text{Interest bearing liabilities}_t}{\text{equity value[253]}_t}$$

[253] Equity value at market value within the DCF method or dividend discount method